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FT NEWSPAPER of THE YEAR

FINANCIAL TIMES

Europe's Business Newspaper | WEEKEND SEPTEMBER 26/SEPTEMBER 27 1992 | D8523A

Losses at Olivetti reach L93.4bn for first half

Olivetti, troubled Italian computers group, deepened first-half losses to L93.4bn ($75m) from L73.7bn last year owing to continued turbulence in the information technology industry. In an attempt to strengthen its management team, the company has appointed Corrado Passera, formerly managing director of L'Espresso publishing group, as joint managing director. Page 12

Tour operator collapses: Airbreak Leisure, which yesterday had its licence revoked by Britain's Civil Aviation Authority, was last night in discussions which could lead to the appointment of administrators. Airbreak said it was covered by a £3.97m CAA bond. Page 24

Major to meet Mitterrand: John Major is to meet the French president in Paris next week for talks on Europe. The announcement came after a warning from German chancellor Helmut Kohl that EC members lagging behind in the Maastricht process would put their national well-being at risk. Page 24

Moscow strapped for cash: Russia's central bank warned that the country's budget revenues were exhausted, largely because of a big fall in tax income. Page 2

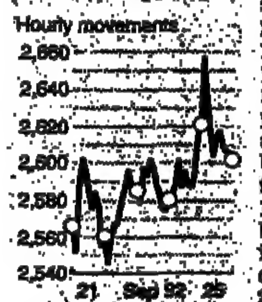
Deadline on Irish talks: Talks on Northern Ireland's political future were given a "final" extension of seven weeks by the British and Irish prime ministers. Page 5

US-Japan trade row defused: A politically sensitive trade dispute between Japan and the US was defused, at least temporarily, after the foreign share of Japan's semiconductor market rose significantly. Page 4

Profit-takers move in on share prices:

FT-SE 100 index

Hourly movements



The advance in UK share prices over the past 10 days was checked yesterday morning when the stock market reassessed John Major's parliamentary speech and prospects for the UK economy outside the ERM. The FT-SE 100 index raced ahead by more than 36 points in early trading but dropped sharply, ending 20.2 off at 2,601. UK stocks, Page 15; Flying not so bravely into a new world, Weekend II

Smith strengthens power: John Smith, the Labour leader, has redrawn the party's policy-making machinery, putting himself at the head of a pivotal new committee. Page 24

US recovery sluggish: The fragility of US economic recovery was underlined with the fall last month of orders for durable goods, personal incomes and home sales. Page 3; Lex, Page 24

Rules eased on catalytic converters: UK carmakers and dealers will be given an extra year to sell at least 40,000 new cars built without pollution-curbing catalytic converters. Page 7

John Mowlem, contractor and housebuilder, plunged to a £9.9m pre-tax loss in the first half of 1992, partly reflecting a £2.5m operating deficit on London City Airport and a £3m provision for Canary Wharf. Page 10; Lex, Page 24

China to woo investment: Beijing is set to open up almost all industries to foreign investment and scrap administrative restrictions on imports. Page 4

Japanese rate cut hopes dim: Prospects of an early Japanese interest rate cut were damped yesterday by a slight rise in the inflation rate in Tokyo. Page 4

Cheaper international calls: Charges for phone calls from the UK to Australia, Canada and Sweden are likely to fall when more competition is introduced on these routes. Page 5

Sarajevo airlifts: The UN suspension of humanitarian airlifts into Sarajevo is continuing amid escalating violence in Bosnia and reports of further "ethnic cleansing". Page 3; UK limits role of Bosnia troops, Page 5

Battered wife freed: Kiranjit Ahluwali, the battered wife convicted in 1989 of murdering her husband, was freed from prison after the Old Bailey accepted her manslaughter plea on the basis of diminished responsibility.

■ STOCK MARKET INDICES

FT-SE 100:	2,601.0	(-20.2)
Yield	4.83	
FT-SE Eurotrack 100	1,035.63	(-5.68)
FT-A All-Share	1,228.23	(-0.5%)
Nikkei	18,394.76	(-215.19)
New York: lunchtime		
Dow Jones Ind Ave	3,255.73	(-32.15)
S&P Composite	414.89	(-3.78)

■ US LUNCHTIME RATES

Federal Funds:	3 3/16%
3-mo Treas Bills: Yld	2.869%
Long Bond	99 1/2
Yield	7.36

■ LONDON MONEY

3-mo Interbank	9 1/4%	(9 7/16%)
Liffe long gilt future:	Sep 99 1/32	(Sep 98 11/32)

■ NORTH SEA OIL (Argus)

Brent 15-day (Nov)	$20.425	(20.575)

■ Gold

New York Comex (Sept)	$349.2	(349.2)
London	$349.35	(348.35)

■ STERLING

New York lunchtime:		
$	1.7125	
London:		
$	1.715	(1.7095)
DM	2.545	(2.54)
FFr	8.6175	(8.6375)
SFr	2.2225	(2.2325)
Y	206.5	(206.25)
£ Index	82.9	(83.1)

■ DOLLAR

New York lunchtime:		
DM	1.4856	
FFr	5.0255	
SFr	1.2975	
Y	120.65	
London:		
DM	1.484	(1.4865)
FFr	5.025	(5.0525)
SFr	1.296	(1.306)
Y	120.45	(120.65)
$ Index	61.5	(61.6)
Tokyo close Y 120.85		

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Germany steps up pressure over Eurofighter project

By David White, Defence Correspondent

GERMANY has stepped up its confrontation with Britain over the £20bn European Fighter Aircraft by threatening to withdraw from development work as early as next February.

By serving formal notice, Bonn is increasing pressure on Britain, Italy and Spain to agree to abandoning the current aircraft and designing a lighter one instead.

In June, the German government announced it would not take part in production of the current design EFA, but said it would continue with the development phase. About £3bn of the £8bn earmarked for development has still to be spent.

Notification of the German move came in a letter from Gen Jörg Schönbohm, state secretary responsible for armaments, to Mr Jonathan Aitken, the British defence procurement minister.

The letter formally initiates a dispute process foreseen under the 1988 memorandum of understanding covering EFA development. This process entails an initial three-month consultation period, after which a partner must give a further three months' notice if it wants to withdraw.

Although the letter is dated September 16, Germany is backdating the start of this process to August 4, when the four defence ministers last met in Madrid. This was described as unacceptable by British officials, who yesterday confirmed receipt of the letter.

The British officials said that if Germany abandoned the development programme – due to last until 1999 – it would be contractually obliged either to continue paying its share of expenditure or to carry the cost of transferring work to the other partners.

The threat of withdrawal undermines British hopes of going ahead jointly with an aircraft substantially the same as the partners have been working on up to now.

British Aerospace, which this week announced a first-half loss of £129m, is heavily dependent on obtaining EFA production work from 1996. It is estimated that programme would involve up to 40,000 British jobs.

Mr Volker Rube, the German defence minister, has already put pressure on his Italian and Spanish counterparts to support a halt in development, with remaining funds being switched to a new project.

Aerospace: the blunder years, Page 8

Strains over Europe test Tories' fragile unity

By Alison Smith

THE Conservative Party's fragile unity over Europe came under strain again yesterday as a Commons motion welcoming sterling's departure from the European exchange rate mechanism continued to attract support beyond the more than 60-plus backbench MPs who had already signed it.

Dissatisfaction with the government's performance over the past few weeks has even led some senior backbenchers to acknowledge publicly that Mr John Major's leadership is now in the spotlight. Some have also called for ministers to provide more direction and to present, with more style, "newer and tougher" policies.

Sir Marcus Fox, the chairman of the powerful 1922 committee of Tory backbenchers, delivered a thinly-disguised warning, when he emphasised the pressures that Mr Major had been under in recent weeks and expressed the hope that he would be "refreshed" when parliament resumes its normal session in October.

The broad contentment among backbenchers at the floating exchange rate policy was reflected as Mr Norman Lamont, the chancellor, won a warm reception at a private meeting with Tory MPs for his caution about the prospect of sterling's return to the ERM, as well as for his commitment to a strong anti-inflationary policy.

No longer subject to speculation about his immediate future, Mr Lamont used his opening remarks to the meeting to highlight Mr Major's achievement in the general election and to stress how much the prime minister deserved the loyalty of the party.

Mr Lamont also signalled yesterday he would use his annual Mansion House speech on October 29 to spell out the monetary framework the government now intends to follow.

As party managers welcomed the MPs' support for controls on public spending, fresh evidence of the hard decisions these will mean came as Mr Kenneth Clarke, home secretary, cancelled plans for the new prison service headquarters in Derby. The contract for constructing the building was signed only recently.

Yesterday's meeting of the cabinet committee on public spending examined an "illustrative break down" of the ways in which the £244.5bn spending target could be met.

Earlier, some 70 to 80 backbenchers applauded Mr Lamont as he stressed the need for the government to maintain its anti-inflationary credentials and emphasised the role that tight controls on spending would have in that, especially with sterling outside the ERM.

Euro-sceptic MPs claimed that the Commons motion welcoming the "abandonment of fixed exchange rates" was charting the way forward for government economic policy.

Moving to play down talk of division, ministers emphasised the similarity between the terms of the motion and the government's approach as set out by

Continued on Page 24
Major to do battle, Page 6
Smith alters policy, page 24

Brooke is surprise choice to replace Mellor

By Ralph Atkins

THE POLITICAL career of Mr Peter Brooke, the former Northern Ireland secretary, was unexpectedly resurrected last night when he was appointed successor to Mr David Mellor as national heritage secretary.

The announcement avoided a reshuffle of government portfolios at the end of traumatic week for Mr John Major and promotes a senior politician who, on past form, is unlikely to fuel cabinet rows over European and economic policy.

Mr Brooke left the cabinet after the general election to launch an unsuccessful attempt to win the Commons' Speakership.

The new heritage secretary's immediate task includes the future of the BBC's Royal Charter, the introduction of the new national lottery and government policy on privacy and press regulation.

In his first comments after his appointment, Mr Brooke acknowledged the work of Mr Mellor in setting up the National Heritage department and said: "It is a very large gap to fill." He described the freedom of the press as "an important part of our national heritage".

Earlier, Mr Mellor – a victim of relentless pressure from tabloid newspapers during the summer over his affair with an actress and a free holiday he received – said he had been the author of his own misfortune.

He told the Commons: "There was no question of any impropriety and I hope that I can leave office with that fact very clearly established." He said he did not believe "statutory interventions" would end abuses by some newspapers, but said his experience over the summer had been "illuminating".

Urbane Brooke, Page 6
Farewell to David Mellor, Weekend, Page XVIII

German chancellor Helmut Kohl before yesterday's parliamentary debate — Report, Page 24

French and German intervention may save franc from devaluation

By James Blitz in London and Andrew Hill in Brussels

THE BUNDESBANK and the Bank of France seemed close to winning their battle to avoid a devaluation of the French franc last night as the currency rose sharply against the D-Mark.

However, the franc's improved performance on the foreign exchanges encouraged dealers to test the strength of sterling once again, forcing the pound to a new record low against the German currency in European trading.

The German and French central banks were said to have undertaken light intervention on the foreign exchanges yesterday morning, buying francs, as the currency rose above FFr3.40 to the D-Mark. The franc closed at FFr3.3860 to the D-Mark, nearly 1½ centimes up on the day.

In the US, the French currency was trading even higher, at FFr3.38, which some analysts hailed as a psychological breakthrough for the central banks. However, some dealers took a cautious view of the franc, suggesting fund managers have not yet reversed their decisions to sell francs this week.

The franc and other European currencies were partly supported by an announcement from the European Commission in Brussels that emergency exchange controls imposed by Spain,

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Shirayama set to win fight for County Hall as LSE bid fails

By Andrew Adonis and Alison Smith

THE acrimonious battle over the future of London's County Hall appeared to have been won yesterday by Shirayama, the Japanese developer, after the government rejected the rival bid from the London School of Economics.

Shirayama said it would now apply for planning permission to convert County Hall, the Thames-side former home of the Greater London Council, into a 600-bed hotel to open by 1996.

However, it referred to the "adverse economic factors" surrounding the deal, which would necessitate "an extremely cautious and cost-conscious approach" to the development. "We must rebuild the confidence and enthusiasm amongst the various people concerned, including the financial community," it added.

Yesterday's decision has not, therefore, put County Hall's future beyond doubt.

Shirayama's scheme for County Hall may also run into trouble with the London borough of Lambeth, planning authority for the site. But given his support for the Shirayama bid, Mr Michael Howard, the environment secretary, can be expected to override any planning difficulties.

The LSE, Britain's leading social science university, had wanted to relocate to County Hall from its cramped premises in Aldwych, in central London.

Its director, Dr John Ashworth, said he was "dismayed" by the decision, which puts on ice his plan to double the LSE's graduate numbers within three years.

The LSE is particularly annoyed that the Universities Funding Council, a government appointed body, refused to support its proposal. The UFC said it was concerned at the financial viability of the LSE's £65m bid for the site.

On the basis of a report by Touche Ross, the consultants, the UFC said the deal might load the LSE with a cumulative £40m deficit over eight years – whereas the LSE had projected the deficit as persisting for half as long.

The LSE's bid enjoyed strong cross-party support. Mr Jack Straw, the shadow environment secretary, accused Mr Howard of rejecting the LSE out of "doctrinaire spite" against the idea of County Hall serving any public function.

CONTENTS

Austria Sch30; Bahrain Din1.250; Bermuda $1.65; Belgium BFr60; Bulgaria Lv25.00; China Fec 12.0; Canada C$1.40; Cyprus C£1.00; Czechoslovakia Kcs35; Denmark DKr14.00; Egypt E£4.50; Finland Fmk10; France FFr8.50; Germany DM3.30; Greece Dr260; Hong Kong HK$16; Hungary Ft162; Iceland IKR190; India Rup30; Indonesia Rp3,800; Israel NS5.50; Italy L2500; Japan Y500; Jordan JD1.50; Korea Won 2500; Kuwait Fils.600; Lebanon $US1.25; Luxembourg LFr60; Malaysia Rin4.50; Malta Lm0.80; Morocco Dh13.00; Nigeria Naira20.00; Netherlands Fl3.50; Norway NKr18.00; Oman OR1.50; Pakistan Rs35; Philippines Peo 45; Poland Zl 18000; Portugal Esc180; Qatar QR12.00; S Arabia Rls11.00; Singapore S$4.10; Spain Pta200; Sri Lanka Rup30; Sweden SKr14.00; Switzerland SFr3.00; Syria SyP50.00; Taiwan NT$95; Thailand Bht50; Tunisia Din1.250; Turkey L6000; UAE Dh10.00; USA $1.25. (Alaska & Hawaii $1.75)

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THE ERM AND MAASTRICHT

Irish eyes are smiling at the punt in their pockets

By Tim Coone in Dublin

IRISH national pride has undergone an unexpected and unprecedented boost in the past week. Sterling's abandonment of the exchange rate mechanism has meant that for the first time since the Irish punt broke parity with sterling in 1979, the pound in an Irishman's pocket is worth more than one in an Englishman's in London or an Ulsterman's in Belfast.

Players of slot machines on the Dublin-Holyhead ferries can finally feel a stir of satisfaction rather than disappointment on discovering that the jackpot payouts include mostly 10p and 50p pieces which have a harp and "Eire" stamped upon them on them instead of the queen's head.

Neither will British Telecom any longer have to suffer losses on the tens of thousands of Irish coins stuffed into its call-boxes every week.

But national pride has quickly been displaced by practical economics. While everyone else around the world is still selling sterling, the Irish are buying it faster than Dublin's banks can supply their branches.

According to Mr Larry O'Connor, a spokesman of Allied Irish Bank in Dublin, one of the country's biggest clearing banks, "there has been a 200 per cent increase in demand for sterling in the past two weeks. Branches normally stock up with foreign exchange on Monday for the week. Last Tuesday many had already sold out of sterling."

Similar reports have come from the other main clearing banks. Some branches have had to ration their sterling balances, making maximum cash payments of £200 over the counter.

Mr O'Connor said: "Many people have been coming in off the street to buy sterling, so we have endeavoured to look after our own customers first."

Sterling was yesterday trading at around £1.04 to the punt, its lowest rate ever against the Irish currency.

For many people planning holidays, weekend breaks on the mainland or shopping sprees in Belfast, sterling's devaluation has added 10 per cent to the available budget. Sterling has never been so cheap, and expectations of a realignment of the punt have therefore fuelled an unprecedented demand.

At the Stena Sealink ferry group, which operates services from Ireland to the UK mainland, an official said: "There has been an appreciable upsurge in bookings for our short-break trips in the past week. It could be as high as double the normal level. We are also anticipating a increase in bookings in the lead-up to Christmas as a result of the devaluation."

Shopkeepers just across the border in Newry and Derry, Northern Ireland, also report a surge in shoppers travelling up from the Irish Republic to take advantage of their sudden once-off increase in wealth.

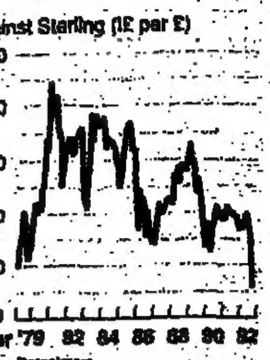
Foreign exchange traders in Dublin say there has also been a big increase in sterling demand from businesses, as Irish importers seek to take out forward positions in sterling. Some 40 per cent of Ireland's imports are sourced in the UK.

Most people in Ireland therefore seem to be seeing Britain's distress as Ireland's opportunity. As Mr Ian French, managing director of Hamilton Osborne King, one of Dublin's leading estate agents, said yesterday, "In times of financial upheaval such as these, it is important to recognise the opportunities that can be created. The current strength of the punt against the sterling makes property prices in the UK an extremely inviting opportunity for Irish investors and developers interested in the UK market."

They might be well advised to move quickly, though. Money market rates surged to 25 per cent in Dublin yesterday, 14.25 percentage points above the base rate. The pressures for realignment are growing.

Irish punt

Against Sterling (I£ per £)



Source: Datastream

Stronger franc sees off danger of more exchange controls

By Peter Norman, Economics Correspondent

THE STRONGER performance of the French franc on currency markets yesterday suggests that the reimposition of capital controls in the European Community is unlikely to spread beyond Spain, Ireland and Portugal.

Earlier this week, there were fears that the European Monetary System might become dependent on controls for its survival as first Spain and later Ireland and Portugal imposed restrictions to prevent funds flowing into the D-Mark.

But yesterday, as the European Commission ruled that the three countries' exchange control measures were compatible with European law, Italy denied that it had any plans to follow suit. The apparent success of the joint Franco-German intervention to preserve the parity of the franc sharply lowered expectations that France would restrict the free movement of funds beyond its borders.

Although European policy makers have been dismayed at the way large-scale movements of short-term capital have undermined parities and government policies in countries such as Italy, Britain and Spain, events over the past week have done little to support the idea that exchange controls are the answer to the problem.

The controls imposed this week have caused damage to the EC as a whole and the countries that imposed them. Unless repealed soon, they could threaten the EC's policy for creating a single market in Europe by the end of this year.

The Spanish experience this week also served as a warning to other EC nations. Spain's decision to force domestic banks to match loans to foreign investors by depositing an equal sum, interest-free, with the Bank of Spain sent the country's stock and bond markets into a tailspin on Thursday. The stock market fell to its lowest level since early 1986 and government bond yields moved to their highest ever levels.

Britain says it will not reintroduce exchange controls

According to Mr Gerald Holtham, chief economist of Lehman Brothers International in London, the Spanish move probably made foreign investors "just as cross" as if the currency had been devalued for a second time in the crisis. As a result, the Spanish government will in future have to pay foreign investors a risk premium to finance its deficits.

UK officials yesterday made clear that Britain would not reimpose foreign exchange controls. This determination should act as a further barrier to the spread of controls in Europe. The authorities in Rome and Paris are conscious that London and Frankfurt would be the beneficiaries of any move to impose controls.

Italy, for example, was studying whether to impose controls similar to those introduced by Spain when the lira first came under speculative attack two weeks ago.

According to senior monetary officials in Rome, the discussions were overtaken by events and and the Italian authorites, bowing to market pressure, opted for devaluation as "the lesser evil".

Opponents of capital controls received strong backing this week from Mr Michel Camdessus, the managing director of the International Monetary Fund. "Any step back to real controls is a step backwards, a regressive step," he said in Washington.

The US Treasury also made clear yesterday that the call by Mr Nicholas Brady, the treasury secretary, for a study by the Group of 10 countries of global capital flows and their impact on the world monetary system was not intended to encourage the introduction of controls.

A senior US Treasury official said the US had been "very sorry" to see Spain and Ireland impose controls. Commenting on the proposed study, he said: "We want to look at the power of the markets and we need to know more about the new instruments. But the study is not intended as a step towards re-regulation and we would strongly resist any move towards the reimposition of controls."

A convoy marks inauguration of the Main-Donau canal near Freystadt, Germany. The canal connects the Main and Danube to link the Black sea to the North Sea

Spain considers easing restrictions

By Tom Burns in Madrid

THE BANK of Spain, chastened by the tremors in domestic equity and debt markets that followed its reintroduction of capital controls to protect the peseta, was yesterday considering easing the restrictions.

The impact of the measures was "huge and far greater than we thought", said Mr Luis Linde, director general of the bank's foreign department. "This allows us to introduce a degree of flexibility."

From Wednesday domestic and foreign institutions trading in pesetas have been required to match loans with an equivalent sum deposited, interest free, at the Bank of Spain. This triggered the biggest fall in domestic stock markets since 1986 and a 4 per cent drop in the price of the 10-year government bond, whose yield rose by nearly a full point to 13.5 per cent.

"We were acting against speculators. The measures were brutal and we recognise that a lot of other investors have been hit," Mr Linde said. Analysts said the effect owed a lot to misunderstandings among financial instititions over the full impact of the measures, but that these were to a great extent caused by the confused wording of the Bank of Spain's circular announcing the restrictions.

Mr Linde said the measures would remain in force for "as short a time as possible, perhaps just a matter of days."

Relaxations under consideration include exemptions for currency operations dealing with imports or to balance company books and a lowering of the obligatory deposit, proportional to amount of foreign currency held, that domestic institutions have to make with the Bank of Spain.

Mr Carlos Solchaga, economy minister, meanwhile said Spain wanted to avoid "at all costs" a two-speed Europe, but "if there must be two speeds for monetary union, then Spain must be be in the top speed." He was speaking after a cabinet meeting that approved a highly restrictive 1993 budget and proposed a freeze on public sector salaries next year.

Russia says its budget revenues are exhausted

By John Lloyd in Moscow

RUSSIA's central bank warned yesterday that the country's budget revenues were exhausted, largely because of a big fall in tax income. Foreign experts in Moscow last night confirmed this.

Mr Yegor Gaidar, the acting prime minister, told parliament on Tuesday that the deficit was Rbs800bn – though the central bank said the figure was Rbs950bn.

Mr Arnold Voinikov, the central bank's first deputy chairman, said yesterday that either the government must tightly limit its expenses, or the bank would be required to give it further credits which parliament would have to agree. The central bank has had to finance the rapidly increasing deficit, and is aggrieved that the government blames it for being the sole cause of credit expansion.

He rejected the statement made earlier this week by Mr Gaidar that the bank should concentrate only on financial policy, saying that a stable currency was only possible in a stable economy and that "if the bank closes its eyes, as it is asked to do, to the fall in production, especially in those areas producing necessary goods, then I for one will resign".

Mr Voinikov also denied government claims that the bank had been responsible for fuelling inflation because of unilateral granting of credits to commercial banks and enterprises – saying that of the nearly Rbs1,400bn injected into the economy in the past few months, all but Rbs76bn had been spent by agreement either with the parliament or the government.

David Waller adds from Frankfurt: Dresdner Bank, Germany's second largest bank, yesterday urged government creditors of the former Soviet Union not to forgive any part of the debt outstanding when they meet next week.

Mr Bernhard Walter, a main board director of the bank, urged that banks and governments should pursue a full rescheduling of debt over the long term, but said that any debt write-offs would be "counter-productive".

Write-offs would deter badly-needed foreign investment, he argued, as they had in Poland where creditor governments had forgiven part of outstanding debts. Hungary had been more successful in attracting investment because it was committed to repaying its debts, Mr Walter said.

He said that capital payments would probably be rolled over for another three months following the expiry of the existing 90-day rollover on September 30.

The Paris Club of government creditors is meeting the day before.

Mr Walter also reiterated Dresdner's call that interest payments on loans to the former Soviet Union should be paid in roubles, on condition that these roubles could be converted into holdings in property or other assets.

The total ex-Soviet debt is believed to be more than $80bn (£46.7bn), of which $6bn-$7bn is owed to private sector banks. Although Russia and other republics are formally committed to meeting interest payments, banks and governments received only $170m of a total $1.2bn interest which was due in the first five months of the year.

Ukraine unveils fresh reforms

By Chrystia Freeland in Kiev

THE Ukrainian government yesterday unveiled its latest economic reform programme amid acrimonious inter-ministerial quarrelling.

The plan, which industrialists and some government economists have attacked as a reversion to central planning, is likely to meet even stiffer criticism when the government asks for parliament's approval next week.

The programme was hastily revised this week in response to initial objections but remains a patchwork combination of reformist and reactionary measures.

The plan calls for an acceleration of Ukraine's stalled privatisation programme and a reduction in the country's runaway budget deficit.

But it also heralds a return to centrally dictated prices and wages and renewed administrative control over state enterprises, which account for 96 per cent of the Ukrainian economy.

The programme has come under fire from Mr Viktor Penzennyk, one of the government's economic advisers, who characterised it as "a return to a centrally-planned economy".

Ukrainian industrialists, enjoying a chaotic independence since the collapse of the Soviet Union, are equally enraged.

"The programme is a return to the old order," said Mr Valentin Landik, manager of a refrigerator factory in the Donbass region. "Once Moscow gave all the orders. Now they wish to re-create the central planning system in Kiev. The only difference is the bureaucrats in Kiev are even less competent than those in Moscow were."

Italy approves sale of Efim subsidiary

By Robert Graham in Rome

THE Italian government yesterday approved the sale of the first company in the Efim group, placed into voluntary liquidation in July, selecting SIV, the state industrial holding's glass-making subsidiary.

At the same time the government agreed to place all Efim's aluminium production operations, the group's biggest loss-makers, into one company.

SIV has 25 plants in Italy and abroad employing 5,200 employees and accounts for 22 per cent of the European car industry's glass market. Its 1991 sales totalled L732bn (£343.82m) turning in a small L3.7bn net profit. However, the recession in the European car industry is understood to have forced SIV into losses at the time Efim was placed into liquidation.

The decision to proceed with the sale appeared an attempt to signal the government's desire to accelerate the winding up of Efim whose losses for the current year could reach L2,000bn. But SIV is also the least politically sensitive of Efim assets and the privately owned Varasi group has a 5 per cent stake with an agreement dating back to 1989 giving it option to buy an eventual 51 per cent.

The government's decision to merge all Efim's aluminium interests gave no hint as to what operations, if any, might be closed. Nor has there been clarification on the fate of either Augusta, the loss-making helicopter company, or the companies in the Breda group, specialists in mass transit systems and considered Efim's jewel.

On Thursday Mr Alberto Predieri, the liquidator, told parliament two month's scrutiny of the holding's books revealed total debts of L17,500bn.

V2 celebrations in Germany criticised

A ROW broke out yesterday over German plans to celebrate the 50th anniversary of the first launch of Hitler's "wonder weapon", the V2 rocket that was supposed to humble Britain, Reuter reports from Berlin.

Critics say the celebration on October 3 in the former rocket base of Peenemünde is in poor taste, because the supersonic V2 killed thousands of British civilians, while 20,000 concentration camp inmates died making it.

The organisers of the event say the V2 launch represents "the first step into space". After the war the V2's inventor, Werner von Braun, was put in charge of the US space programme that put the first man on the moon in 1969.

"Werner von Braun's achievements are fantastic but you have to relate them to Nazi crimes," said Mr Günther Gottmann, director of Berlin's Museum of Transport and Technology.

The reception in Peenemünde is funded by Germany's aerospace industry and will be attended by senior company and government officials.

The organisers say there is no reason to feel ashamed of von Braun's achievements, even though the engineer ignored inhuman conditions in an underground factory in the Nazi concentration camp Dora.

"One shouldn't poke around in these old wounds," said Mr Peter Profe, who runs the V2 museum in Peenemünde.

The row over Peenemünde could revive tension between Britain and Germany over the war.

German officials protested in May when Britain erected a statue to General Arthur "Bomber" Harris, who initiated the carpet bombing which destroyed Dresden and many other cities.

Jail sentence for Greek publisher

A GREEK newspaper publisher was yesterday sentenced to six months in jail for defying an anti-terrorist law which bans publication of guerrilla statements, Reuter reports from Athens.

Mr Christos Tegopoulos was also fined Dr5m (£15,400) for publishing a statement by the leftist November 17 guerrilla group in his newspaper, Eleftherotypia, in 1991.

Under Greek law Mr Tegopoulos may buy off his sentence at a rate of Dr1,000 a day and it was said to be unlikely he would go to jail. He was absent from the trial.

The ban on publishing guerrilla statements, part of a 1990 anti-terrorist law passed by Greece's conservative government, has touched off a battle over censorship with the Greek media.

Seven publishers were sentenced to jail in September 1991 for violating the ban.

PARIS RESCINDS SUSPENSION NOTICES

French prison officers strike ends

By Alice Rawsthorn in Paris

FRANCE'S prison officers are set to return to work today after the French government's offer of concessions yesterday aimed at ending their fortnight-long industrial dispute.

The Justice Ministry has succumbed to pressure to rescind the suspension notices against striking warders, the officers return to work.

The dispute has crippled France's jails since the murder two weeks ago of a warder at Clairvaux during a shoot-out in which seven prisoners escaped. The Clairvaux shooting, the latest in a series of violent incidents in the over-crowded prison system, sparked demands from officers for more staff and better protection against dangerous inmates.

Mr Michel Vauzelle, justice minister, immediately promised to review staffing levels. But early last week, when the warders' unions broke off negotiations, he exercised his right to suspend striking officers, who as public servants have no right to stop work.

The dispute has weakened since its peak when it affected more than 140 of France's 182 jails. However, riot police and military squads are still in place at a number of prisons. There have also been intermittent go-slows and demonstrations at jails where staff have already returned to work. Throughout the protest the government has been embarrassed by television footage of inmates rioting at strike-bound jails.

Yesterday's offer to scrap the suspensions has persuaded most of the striking officers to return to work. Warders at Clairvaux will go back on Monday. The main prison unions, including Force Ouvrière, have agreed to resume negotiations over long term staffing arrangements. However, one union, the UGSP-CGT, is still threatening to boycott the talks.

● The French government has agreed to reform its controversial new driving licence system which sparked the bitter lorry drivers dispute that caused chaos on France's roads this summer.

Mr Jean-Louis Bianco, transport minister, yesterday confirmed that the government intended to implement most of the recommendations of the Roché Commission, which was set up to review the licence system.

The Roché proposals favour retaining the government's original concept whereby drivers forfeit points from their licences for offences, but makes the system more flexible by awarding between six and 12 points to each licence with drivers losing one to four points depending on the severity of the offence.

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Sarajevo airlift suspension stays

By Laura Silber in Belgrade and Frances Williams in Geneva

THE UN yesterday said the suspension of humanitarian airlifts into Sarajevo would continue. The announcement coincided with a fact-finding mission by international mediators Cyrus Vance and Lord Owen to Banja Luka, the Serb stronghold in northern Bosnia, amid escalating violence and reports of ethnic cleansing.

In Geneva, UN aid officials said the airlift into Sarajevo could not restart because governments believe conditions are too dangerous.

The suspension is preventing delivery of essential supplies and materials needed to avert what officials fear may be thousands of deaths from hunger and cold during the freezing winter months.

The 19 governments previously involved in the airlift say they want further assurances on security from the warring factions in Bosnia-Hercegovina before agreeing to resume relief flights. The flights to the Bosnian capital were halted on September 3 after a missile shot down an Italian aircraft.

Mr Vance and Lord Owen travelled southeast from Zagreb, the Croatian capital, to the Bosnian border and drove with Mr Radovan Karadzic, the militant Bosnian Serb leader, to Banja Luka, 38 miles south.

The two men held private talks with local Moslem and Croat leaders. Their visit followed allegations of a Serb massacre on August 21 of 200 Moslem men and youths. Lord Owen, the European Community envoy, told reporters: "We want to find out what indeed happened."

The reports said Serb police shot dead the Moslems near Travnik, 90 miles south of Banja Luka, after they had been released from a detention camp.

Speaking to reporters in Zagreb, Mr Vance, the United Nations envoy, said: "What we have heard in the recent couple of days has led us to real concern about what may be happening there."

During their brief visit to Banja Luka, run by some of the most militant Serb nationalists, the mediators also met a Serb general and Mr Jovo Kupresanin, the extremist mayor who is believed to have been involved in reprisals against Moslems and Serbs opposed to his rule. The mission was prompted by mounting concern over a spate of recent bomb attacks and shoot-outs in the city and surrounding villages. Croats and Moslems make up about 30 per cent of the area's population of 195,000.

Meanwhile, Belgrade radio reported fighting between Serb forces and mainly Moslem Bosnians in Sarajevo and throughout much of Bosnia.

Leaders of the three Bosnian communities signed undertakings a week ago designed to assure the safety of relief flights and convoys, but they have not been acted on. The airport at Sarajevo remains a battle zone.

Ms Sylvana Foa, for the UN High Commissioner for Refugees, said the future of the airlift was still "very much in doubt". However, while recognising the dangers to aircraft and crews, there was an urgent need to deliver supplies to the 450,000 people trapped in Sarajevo.

Ms Foa said aid agencies had a maximum of six weeks to transport heavy materials, such as plastic sheeting for shattered windows, to Sarajevo before winter set in. "We are racing against time," she said.

UNHCR was pushing ahead with expanding its land convoy operations, but it could not open new routes to Sarajevo without help from UN peacekeeping forces to repair bridges and secure the highways.

The extra 6,000 UN troops approved by the UN Security Council are not due to arrive in the region for up to eight weeks. Ms Foa said UNHCR convoys travelling on mountain roads from the Croatian port of Split were supplying less than a quarter of Sarajevo's daily food needs of 200 tonnes.

PERUVIAN REBEL DEFIANT

Peruvian rebel leader Abimael Guzman was shown in a cage to journalists by the authorities in Lima yesterday, dressed in a prison suit to underline his recent capture. He shouted "long live the popular Maoist war" and gave a defiant discourse on the insurgency, while policemen looking on shouted "assassin" and "criminal" and journalists began singing the national anthem. President Alberto Fujimori said his arrest was the start of the Shining Path group's total annihilation and promised special treatment to repentant guerrillas who surrendered.

US pollsters seek clues from the past

Truman and Major won from behind; why can't Bush? **Jurek Martin** studies history

GOVERNOR Clinton never really had much of a chance in the election of '92. He was a bit parochial, inexperienced and taking on a reasonably popular incumbent. Some southern and border states liked him, but it was never enough.

That Clinton was George, the Democratic-Republican governor of New York, the year was 1792, and his opponent was Vice President John Adams. Clinton later served two terms, from 1805 to 1812, as vice president, but the precedent of 200 years ago does not run much beyond the coincidence of surnames and gubernatorial jobs.

More recent precedents are being sought for this year's race. Since the war, five seem particularly popular points of reference – the US elections of 1948, 1976, 1980 and 1988, and the British election held last April. Each hold hope, in some cases embraced by both President George Bush and Governor Bill Clinton, for this year's outcome.

Mr Bush has made much of the 1948 comparison with Harry Truman's come-from-behind victory over the complacent Governor Thomas Dewey, forgetting that Truman was a Democrat and the "do nothing" congress that was the object of his discontent was run by Republicans.

But the wind was taken out of that proposition by some acid comments by Margaret Truman Daniel, the late president's daughter, who could find nothing in common between her down-to-earth father and the patrician Mr Bush. Equally, Mr Clinton has also invoked the memory of Truman and, though he may be nervous about his current lead, he is not acting complacently.

1976 has messages for both sides. The obvious comparison is between a southern technocratic Democratic governor, not initially well known, starting the home stretch well ahead of an incumbent, though unelected, Republican president but in the end managing only a narrow victory. With, presumably, a debate again in the offing, it is salutary to remember President Gerald Ford's critical mistake in a San Francisco debate, about Soviet hegemony over Poland, because he was at the time catching up fast.

In 1980, Mr Carter had a Middle East triumph (Camp David) under his belt but was not generally well regarded and was saddled with the hostages in Iran and an economy in a mess, all of which except the hostages apply to Mr Bush today. But that race was very tight (which this year's is not at present) until the only debate of the campaign, in which Ronald Reagan decisively reassured a sceptical public that he was not as extreme as some of his statements implied. Mr Clinton could nail down this victory in debate in similar fashion.

The lesson of four years ago is principally that character assassination can work. But the hatchet job on Mr Michael Dukakis was launched not long after the Democratic convention, whereas this year the Bush campaign, for all its assault on Mr Clinton over the draft, has been tardy in coming up with the same sort of tightly focused, negative attack advertising.

The difference is that Mr Bush might have won anyway in 1988, when the objective circumstances of the election, especially the state of the economy, were far more favourable to him. Also, Mr Clinton may be an easier target on personal grounds, but is much more resilient and combative than the passive Mr Dukakis.

Much has been made of this year's British precedent. The principal attraction, from a Republican standpoint, is that both the polls and the media, which had freely predicted a Labour victory, were confounded. However, the British election featured more than two main parties, which, unless Ross Perot gets back in with a vengeance, is not a complication in the US.

However, there are other points of comparison. Both economies were performing badly; both incumbents led parties in power for over a decade; both opposition leaders had dragged their leftish parties into the centre and had policy proposals to "soak the rich" through higher taxes.

On the other hand, Mr John Major was a relatively new face, which President Bush is not, while Mr Clinton is and Mr Neil Kinnock was not. Mr Clinton has also had the wit to set his plans for higher taxes, whatever Republicans may charge to the contrary, at a far higher income level than the British Labour party.

Still, in painting Mr Clinton as "a social engineer" educated in that cradle of foreign socialism, Oxford University, Mr Bush is borrowing a leaf from the Tory book, while conveniently not mentioning that both he and Mr Clinton also attended Yale. The name of the game is to scare the more affluent suburban populace about the challenger. In the British case, targeting the south of England, it worked, but the US is a much bigger place.

A common thread of the US electoral comparisons is the insider-outsider contrast. Harry Truman, though president, campaigned in part against the Washington establishment, as did candidates Carter and Reagan and Vice President Bush.

Though he has spent the last 26 years on one government payroll or another, Mr Bush this year is also running against Washington, not only its Democrats but even its civil servants, whom he heads and whose pay he would cut if he does not fire a third of them. Mr Clinton, however, is a believer that government can, and should be, good. He may have started his long run as an outsider but he increasingly looks like the reverse, not surprisingly since government, though not in Washington, has been virtually his only career.

The final point of comparison is the state of the economy in the election years. Some economists, such as Professor Ray Fair of Princeton, have political models which show that economic performance is always the greatest determinant in presidential elections. Until the summer, most of them tended to point to Mr Bush's re-election.

In 1948, the state of the economy was not a decisive millstone for President Truman. In 1976 the US was emerging still slowly from the 1974-75 recession, enabling Mr Carter to coin the term "misery index" (the sum of inflation and unemployment) – which Mr Reagan tellingly turned against him in 1980, when it had doubled. Four years ago, the expansion was still proceeding. This year recovery remains a mirage, as it was in Britain in April, and still is. In 1792, of course, nobody had the nerve to run against George Washington.

Broad-based US weakness

By Michael Prowse in Washington

A CROP of economic reports yesterday made grim reading for the Bush administration. Orders for durable goods, personal incomes and home sales all fell last month, underlying the fragility of the sluggish US economic recovery.

New orders for durable goods fell 0.1 per cent following a 2.7 per cent decline in July, the Commerce Department reported.

The weakness was broadly based, with declines in primary metals, industrial machinery and electronics. The overall drop would have been larger but for a 4.2 per cent increase in the volatile transport sector.

New orders for non-defence capital goods – regarded as a reliable guide to trends in private investment – fell 3.7 per cent, after a decline of 5.4 per cent in July.

Personal income fell 0.5 per cent last month but the figures were heavily distorted by Hurricane Andrew, which reduced rental incomes, damaged crops and cut wages because of work interruptions.

But for hurricane damage, personal income would have risen by 0.7 per cent last month, officials claimed. Personal consumption spending fell 0.1 per cent last month, before allowing for inflation, underlying the weakness of consumer morale.

The housing market also remains sluggish. Sales of existing (as opposed to new) homes fell 3.2 per cent last month, despite a decline in mortgage rates to the lowest levels for 20 years.

Analysts remain apprehensive about the outlook for housing despite a report this week of a freakish 10 per cent rise in housing starts last month. Long-term interest rates have begun to rise again in recent weeks, forcing up the cost of mortgages.

San Marino joins IMF

THE International Monetary Fund (IMF) took a step towards its goal of global membership this week as the republics of the former Soviet Union lined up to sign the Washington-based institution's articles, George Graham writes from Washington. But the IMF's 173rd and newest member is a republic of much older vintage: the tiny mountain enclave of San Marino.

San Marino has something in common with Turkmenistan, Uzbekistan and Azerbaijan, which just beat it to the tape in signing the IMF articles. From 1978 to 1986 it boasted the only communist government in western Europe, and earlier this year, it ousted the former Communist party, which changed its name in 1990 to the Progressive Democratic party, from the governing coalition.

Unlike the former Soviet republics, however, San Marino's economy seems unlikely to cause many sleepless night for the IMF staff.

Mr Clelio Galassi, secretary of state for finance and the budget, says the government's finances are in balance, with no public debt – the first tenet in the IMF's economic doctrine.

Nor does Mr Galassi expect to have to borrow from the Fund.

Argentine oil company sale

ARGENTINA'S Congress approved the privatisation of national oil company Yacimientos Petroliferos Fiscales SA (YPF) on Thursday evening after 30 hours of debate, ending one of the most acrid political disputes since the adoption in 1989 of radical free market policies, John Barham writes from Buenos Aires.

After more than a year of wrangling, the government won only by distributing patronage and political favours in grand style.

YPF is the largest company in Argentina – reporting 1991 sales of about \$5bn – its oldest state company and the centre-piece of the state-controlled economy that the government of President Carlos Menem began dismantling after coming to office in 1989.

Argentina will now become the first Latin country to sell its oil company, a move still resisted even by free-market trailblazers Chile and Mexico.

Provincial governments will receive 39 per cent of YPF equity to cancel debts owed by the federal government and 10 per cent will be held in trust for the employees. Then, the government will begin selling off its 51 per cent stake in tranches.

NEWS IN BRIEF

Worries over Cuba embargo

CANADIAN and European Community hopes of averting legislation to extend the US trade embargo against Cuba to foreign subsidiaries of US companies have become inextricably tied up in the complex politics of abortion and nuclear testing, writes George Graham from Washington.

The legislation is attached to a much broader defence authorisation bill which also includes controversial measures to ban nuclear testing and to allow military personnel to obtain abortions in US military hospitals overseas.

The Cuban bill is strongly opposed by the US's partners, who see it as unjustified extra-territorial interference.

Businessman held in Poland

Mr Alexander Gawronik, an entrepreneur and Esso's joint venture partner in Poland, has been arrested and charged with stealing from the private Art B company, Christopher Bobinski writes from Warsaw. Art B, now in liquidation, was alleged to have been involved in 1991 in illegal transfers of money abroad.

Correction

Brazil's Supreme Court ruled on Wednesday that the congressional vote on whether to start impeachment proceedings against President Fernando Collor de Mello could be held in the open. The FT reported incorrectly yesterday that the court decided the vote would be in secret.

US-Japan chip row defused

By Louise Kehoe in San Francisco and Steven Butler in Tokyo

A POLITICALLY sensitive trade dispute between Japan and the US was yesterday defused at least until after the US presidential election, following government reports that the foreign share of Japan's semiconductor market rose significantly in the second quarter of year.

The US and Japanese governments said yesterday that the foreign share of Japan's market rose to 16 per cent, compared to 14.6 per cent in first quarter. This was the biggest quarterly increase since 1986, when the the US and Japan signed the first semiconductor trade agreement.

"The increase in market share is a positive step in the right direction and is an indication of an improved effort by Japan to comply with the semiconductor trade agreement in the second quarter," said Andrew Procassini, president of the Semiconductor Industry Association, a US trade group.

Japanese government and industry officials also welcomed the increase, although they expressed concern that further progress would be difficult to achieve while the electronics industry continued to be in recession.

The Electronics Industries Association of Japan, the private industry association, made a commitment in June to increase the purchase of foreign semiconductors in the second half of the year at a faster rate than the increase in Japanese semiconductors. The commitment, however, was predicated on a recovery in the economy during the second half of the year that now looks difficult to achieve.

The Japanese government last year acknowledged US industry expectations that foreign market share should grow to more than 20 per cent by the end of this year. Many in the US industry have interpreted this as a commitment by the Japanese side

The second quarter increase in market share could help to deflect US government anger. Last month a US government inter-agency review concluded that Japan's efforts to open its semiconductor market had produced "insufficient progress". Mrs Carla Hills, the US trade representative, warned that America would take "additional actions, as necessary, to fulfil the terms of the (1991) arrangement," if substantial progress was not achieved by year end.

Yesterday Mrs Hills said the rise in market share "represents the first bright spot we have seen in an otherwise disappointing first year of the 1991 arrangement."

Two Japanese camera manufacturers have reached an out-of-court settlement with Honeywell, the US electronics company, over their alleged infringement of its patents for auto-focus cameras, writes Charles Leadbeater in Tokyo.

Olympus Optical has agreed to pay \$34.7m and Asahi Optical \$21m to settle a dispute over the patents.

Kanemaru slips off the hook

By Robert Thomson in Tokyo

Several supporters have apparently negotiated with prosecutors to ensure that his political future will be safe

MR SHIN KANEMARU, powerbroker of Japan's ruling Liberal Democratic Party, yesterday ended a curious two-week stand-off with the public prosecutors' office by formally admitting that he violated the country's political funding laws in accepting a donation of Y500m (£2.36m).

For the past two weeks, prosecutors have demanded that Mr Kanemaru, 78, appear before them to answer questions, but he settled the issue yesterday by dispatching a written statement in which he admitted receiving the money from a scandal-tainted parcel delivery company, Tokyo Sagawa Kyubin.

Mr Kanemaru's willingness to ignore the prosecutors' requests had angered ordinary Japanese, who were treated to nightly news broadcasts from outside his Tokyo home. The "godfather," as he is known, has remained inside his home for the past month, receiving guests and refusing to comment.

LDP officials have apparently received an assurance from the the Tokyo district public prosecutors' office that Mr Kanemaru will not face a public trial, but will be summarily fined Y200,000, the maximum penalty under the Political Funds Control Law.

The likelihood that Mr Kanemaru will not face a trial has also angered many Japanese, and has prompted television commentators to brandish copies of the constitution, to point to the section stating that all are equal under the law, and to suggest that the "godfather" is a bit more equal than most people.

Passed in an attempt to control "money politics," the funds law limits to Y1.5m annually the amount an individual politician can receive from a single company. Mr Kanemaru virtually admitted a month ago that he violated the law by announcing that his office had received the Y500m, but he presumed that he would not be pursued by prosecutors.

At that time, he resigned as the LDP's vice-president, but his real power lies in his control of the party's largest grouping, the Takeshita faction. Mr Kanemaru's troubles have prompted a power struggle within that faction, and several of his supporters apparently negotiated with prosecutors to ensure that his political future will be safe.

While Mr Kanemaru intends to remain as head of the faction, his power has been weakened, if only by the fact that the scandal may limit his ability to raise funds. In his statement yesterday, Mr Kanemaru said the Y500m was distributed among his faction's members, many of whom are dependent on his largesse.

Mr Kanemaru has previously said that the money was received from Tokyo Sagawa by his staff in early 1990, but he now admits to having received the money himself from Mr Hiroyasu Watanabe, the former president of Tokyo Sagawa Kyubin.

Japanese commentators have drawn a stark comparison between the treatment of Mr Watanabe, who is now on trial for breach of corporate trust, and Mr Kanemaru, who appears set to avoid the ignominy of a public trial.

A UN Indian officer greets Lt-col Takashi Watanabe, commander of the first Japanese troops in UN operations in Cambodia

Insider trader guilty

A FORMER senior managing director of a Japanese machinery maker, Macross, yesterday became the first executive of a listed Japanese company to be found guilty of violating recently-overhauled insider trading laws, writes Robert Thomson in Tokyo.

Mr Yoshio Kamijo, 56, was fined Y500,000 (£2,360) in the Tokyo District Court, which found that he sold 22,000 shares in Macross immediately before an unfavourable profit forecast in September 1990 that he knew would depress the company's share price.

A new Securities and Exchange Law took effect in April 1989, but only two cases have been brought since then. The other involved purchase of shares in Nisshin Steamship by a finance company official who allegedly had prior knowledge of a share allocation.

Inflation rise hits rate cut prospects

By Charles Leadbeater in Tokyo

PROSPECTS of an early Japanese interest rate cut were damped yesterday by a slight rise in the inflation rate in Tokyo, which usually leads inflationary trends in the rest of the country.

Tokyo consumer prices rose by 0.5 per cent in September, about 2.2 per cent up from a year before, compared with an annual rate of increase of 1.8 per cent in August, according to a report from the Management and Co-ordination Agency.

The national annual inflation rate in August was 1.7 per cent, the agency reported.

Meanwhile the Japanese cabinet was presented with an official report which warned that the economy was still slowing.

The report from the Economic Planning Agency warned that only new housing starts and government spending were providing domestic sources of growth as consumer spending and capital investment were still falling.

Mr Yasushi Mieno, governor of the Bank of Japan, said there was no need for a change in monetary policy even though the economy was going through a preiod of "severe adjustment."

The depression in consumer markets was highlighted by a 3.9 per cent fall in Japanese department store sales in August, according to the Japan Department Stores Association.

A firmer dollar helped take the wind out of the Tokyo stock market.

The Nikkei average closed down lost 215.19 points to 18,394.76, after a 327 point gain on Thursday.

Hong Kong protests over armed confrontation at sea

HONG KONG protested to China yesterday over an armed confrontation between marine officers from both sides on a fishing boat in Hong Kong waters, the Government Information Service (GIS) said, Reuter reports from Hong Kong.

The Hong Kong Political Adviser's office summoned a representative of the New China News Agency, China's de facto embassy in the British colony, to express "grave concern over an incursion which took place in Hong Kong waters and the dangerous behaviour of the Chinese officers involved."

The GIS said police received a report that a fishing vessel inside Hong Kong waters had been boarded by a number of armed Chinese officers after it had been stopped by a Chinese security forces vessel.

When Hong Kong police boarded the fishing boat they were surprised by three Chinese police officers who threatened them and confiscated film when they tried to photograph the incident.

The stand-off, near Waglan Island in south-east Hong Kong, lasted nearly two hours.

It ended when the Chinese officers returned to their speedboat and left for Chinese waters.

No shots were fired and there were no injuries.

Earlier, government-run RTHK radio said armed Chinese security men boarded a Hong Kong police launch and confiscated a film the police were making of a speedboat towing another vessel.

The waters around the British colony have this year become increasingly dangerous for shipping after 13 armed incursions and at least 14 raids on ships bound for Vietnam. Nearly all the incidents involved Chinese gunboats.

Relations between Hong Kong and China, traditionally wary, have further soured over financing plans for a new airport in the colony and the issue of greater democracy for Hong Kong ahead of its 1997 return to Chinese sovereignty.

Governor Chris Patten has abandoned the diplomatic approach of his predecessors and openly attacked China's foot-dragging on the airport.

He has not commented on the incursions which officials said were apparently not officially sanctioned.

China to hold first public auction of cultural relics

By Yvonne Preston in Beijing

CHINA is to hold its first public auction of cultural relics, among them pre-1795 objects formerly strictly banned from overseas sale to preserve the national cultural heritage.

The auction, to run for three days from October 11, is a big departure from past practice. A US businessman recently offered \$100m to buy a terracotta warrior from the tomb of Emperor Qin Shihuang, but his offer was turned down.

The Chinese Communist party has tirelessly denounced foreigners for plundering and pillaging its ancient temples and Silk Road treasures in the late 19th and early 20th century, dismissing claims that the plundered objects were saved from destruction during decades of turmoil and chaos in China.

Now it has been tempted into the market to compete with Sotheby's and Christie's in a bid to take some of the profit from the lucrative illegal relics traffic, run by highly-organised gangs of professional grave robbers and smugglers aided by corrupt police and customs officers.

It is almost impossible to stop the cultural crooks operating across vast stretches of remote rural China, or restrain the dealers, collectors, museum curators and scholars outside China who make the illicit trade possible.

China's Bureau of Cultural Relics has no money to spend to police the movement of large quantities of precious Chinese artifacts through foreign auction houses to overseas museums and the homes of wealthy western collectors.

All across the country, China Daily reports, treasures hundreds and even thousands of years old are being lost to natural and man-made hazards. Some historical relics have been reduced to rubble and the vandalism of the cultural revolution is still not repaired.

Thieves take advantage of the lag in excavating tombs and historic sites caused by lack of funds, digging them up and smuggling them out of the country.

This year police in Shaanxi province in China's northwest, dealt with 846 cases of tomb robbing and 130 cases of smuggling cultural relics. They siezed over 3,300 relics and arrested 1,622 criminals.

The proposed auction is aimed at recouping some of the losses to this murky underground antiques market by selling off relics at a profit abroad, taking advantage of sky-high prices for Chinese objets d'art, and generating some revenue for further excavations.

The most famous of all China's archaeological digs, the pit near the tomb of China's first emperor, Qin Shihuang, where the 7,000 strong terracotta army was buried two millenia ago, is still only one quarter restored.

Foreign money already goes to preserve some major treasures. Tomb frescoes in the Xian historical museum are partially funded with Italian money. American Express adverts in the Forbidden City testify to US conservation money.

At October's auction 2,188 objects will go under the hammer, over 200 dating back to the 11th century BC. Co-sponsored by the Beijing Cultural Relics Bureau, the Beijing Auction Market and a Dutch company trading in Chinese antiques, the auction is expected to attract 1,000 international buyers.

Ten per cent of the objects to be sold are privately owned, but their owners' names are not revealed. Lots include Chinese porcelain, jade, jewellery, antique clocks and watches, paintings and calligraphy, gold, silver and bronze, even old cars once used by VIPs.

Beijing set to open up industry to foreign investment

CHINA is likely to open up almost all industries to foreign investment and scrap administrative restrictions on imports after the Communist party's 14th congress next month, a pro-Beijing daily said yesterday, Reuter reports from Hong Kong.

"The government has developed new thinking in reforms: aside from 'bread and butter', everything could be opened to foreign investment," Hong Kong's Wen Wei Po newspaper quoted Beijing sources as saying.

Senior leaders at the congress will probably allow foreign investors to take part in building airports, railways and roads, said the newspaper, which often acts as a mouthpiece for the Chinese government line.

"The central government will give special support to foreign investors who plan to build major airports in northwestern China," it quoted authoritative sources as saying.

Wen Wei Po said primary industries including crude oil and coal would be opened further to foreign partners.

Beijing has pledged to accelerate the pace of economic reforms since senior leader Deng Xiaoping visited China's booming south in February. But the government still restricts the entry of foreign capital into certain industries.

China will also open up other markets to foreign goods by easing import regulations in line with the General Agreement on Tariffs and Trade (Gatt), it said.

Administrative intervention to adjust imports will be gradually replaced by measures such as tariffs, exchange rates, interest rates, quotas and import licences, the newspaper said.

"The current administration-based import-control system falls well short of Gatt's requirements and increases trade friction," the newspaper said.

China is seeking to join the world trade body. It is also in dispute with the US, which has threatened punitive sanctions unless Beijing opens its markets wider by October 10 – two days before the party meeting.

The report said fledgling car and camera industries would remain protected under a revamped import tariff system.

Hopes rise as South African leaders meet

Patti Waldmeir on an encounter that cannot be allowed to end in failure

AFTER four fractious months of political bickering and daily deaths, the South African Government and the African National Congress (ANC) have agreed that their leaders, Mr F.W. de Klerk and Mr Nelson Mandela, should meet - and that the meeting, to be held later today in Johannesburg, cannot be allowed to fail.

White and black South Africans, fed up with the months of stalemate, will be relieved to see Mr de Klerk, the South African president, and Mr Mandela, the ANC President, shaking hands for the cameras for the first time since last May.

There is always a chance that they will also see their leaders hurling insults at one another - as the two men did during the first session of constitutional negotiations earlier this year - but that seems unlikely.

For senior officials from both sides have spent almost every waking moment for the past 10 days clearing away the political obstacles which could have tripped up the two presidents: issues such as preventing violence launched from single-sex township hostels, banning the carrying of dangerous weapons in public, and releasing political prisoners. They were under pressure throughout from western diplomats and from the United Nations to abandon the habit of intransigence and get back to substantive talks on a new constitution.

Nelson Mandela: won release of guerrillas

Then, late on Thursday night, Mr Mandela and Mr de Klerk were in contact to seal the final deal: three of the ANC's most celebrated guerrilla fighters are to be freed on Monday, with 150 less notorious prisoners to be released within 48 hours (124 were released yesterday).

The two sides have also reached outline agreement on security measures for township hostels most often involved in violence, and for banning dangerous weapons in public.

These agreements (especially the release of the three ANC guerrillas, all of whom staged terrorist attacks which claimed white victims), represent a substantial concession from the government, which insisted until the 11th hour that their immediate release was impossible. In the end, Pretoria's legal objections were overcome when it was agreed that they would leave jail on parole.

Pretoria has placed other contentious issues on the summit agenda, including its demand for a general amnesty for state officials accused of political crimes as well as a demand that the ANC curtail its campaign of mass protest actions. The government argues that mass action provokes violence, and wants the ANC to abandon plans for further homeland protests.

F.W. de Klerk: sought curb on mass action by ANC

Mr Mandela is unlikely to commit himself publicly to halt mass action. But he has already put the campaign on hold in the hopes of success at the negotiating table: a planned march on Bophuthatswana has been delayed, and the ANC has pointedly refused to set a date for a march on Ulundi, the KwaZulu capital, the seat of Inkatha leader Mangosuthu Buthelezi, who has issued veiled threats of bloodshed if the march proceeds.

So the chances are that tomorrow's summit will succeed, and that Mr Mandela will afterwards declare the resumption of bilateral talks on a new constitution (informal talks have been going on despite the official suspension). But those negotiations – over an interim government and a constituent assembly – are likely to prove as difficult as ever.

And even if the two sides reach agreement, they face the unenviable task of persuading the irascible Chief Buthelezi to accept a subordinate position in the new South Africa. So long as he refuses to do so, low-grade civil war will no doubt continue between his supporters and the ANC – and the fragile talks could again founder, as so often before, on the unsolved problem of violence.

Rifkind limits role of Bosnia troops

By Ivor Owen, Parliamentary Correspondent

THE JOB of the 1,800 British troops being sent to Bosnia-Hercegovina will be to escort relief convoys and not to establish "corridors of safety" through areas under bombardment, Mr Malcolm Rifkind, defence secretary, assured the Commons yesterday.

He confirmed that their primarily humanitarian role, carried out under the authority of the United Nations, would be escorting convoys to areas hardest hit by the conflict resulting from the break up of Yugoslavia.

Mr Douglas Hurd, the foreign secretary, who opened the debate, led MPs from all parties in condemning the atrocities inflicted on civilians in Sarajevo and other centres.

Mr Hurd, expressing a personal view, maintained that military action by land or air against those responsible would have been "morally justified", but acknowledged that the most likely outcome would have been increased casualties and not an end to the conflict.

He suggested that further efforts should be made to secure agreement in the UN for a ban on all military flights over Bosnia-Hercegovina – which would significantly restrict the activities of Serbian forces. "We are considering what kind of 'no-fly zone' would make sense."

A warning by Mr Tom King, the former defence secretary, about the dangers which would arise from any escalation of the role envisaged for British troops was strongly endorsed by Mr David Clark, shadow defence secretary.

Mr Rifkind emphasised that the task of the British troops would be to escort convoys carrying urgently needed medical and food supplies. They would also escort detainees released from internment camps.

Mr Rifkind emphasised that the task of establishing safe corridors would require the deployment of manpower on a scale "vastly greater than at present contemplated".

In military terms it would amount to a commitment "far more substantial and worrying" than would be appropriate.

The minister confirmed that the rules of engagement applying to British troops would ensure that they were able to defend their lives and the lives of those for whom they were responsible.

Mr Hurd made a cautious response when urged to authorise the release of Iraqi assets held by Britain to secure the release of British subjects imprisoned in Iraq.

He described the sentences imposed on Mr Paul Ride and Mr Michael Wainwright for minor immigration offences as "grotesquely severe".

Mr Hurd explained that the release of assets subject to claims by British interests could lead to "quite serious trouble" and would be a difficult road to tread.

● Mr Michael Meacher, shadow minister for overseas development, who has recently visited the famine areas in Somalia, called for more decisive action to relieve hardship there.

He said Britain should use its positions as president of the European Community and a permanent member of the UN security council to press for the deployment of 10,000 to 20,000 troops to secure supply depots and distribution lines against brigands.

Sex, ice and videoed beer

By Gary Mead, Marketing Correspondent

FOSTER'S LAGER, the UK's number two brand, has produced and paid for cinema advertisements which are devoted mostly to another product.

The first 40 seconds of the 60-second advertisements, now running in London cinemas, are devoted to Häagen-Dazs ice cream. The two brands are owned by different companies.

The advertisements appear to contravene what has been regarded as a basic law of brand-image advertising – to get your product noticed early and often.

The advertisement shows a semi-naked couple eating Häagen-Dazs ice cream. The man goes to the refrigerator and chooses a can of Foster's lager instead of more Häagen-Dazs. The background music is replaced by a televised football commentary. The woman disapproves.

Foster's motivation for the advertisement is to be associated with success. The UK standard lager market has been eclipsed by the success of premium, up-market brands. Häagen-Dazs – owned by Grand Metropolitan – has won a 20 per cent share of the UK dairy ice-cream sector since it was launched last year.

Mr Jeff Dale, marketing controller for Foster's, said: "We needed to hit people between the eyes".

Foster's spends £16.5m annually on marketing the brand in the UK. Its joint advertisement with Häagen-Dazs will run in cinemas until Christmas.

"The Foster's drinker is a person who shows a no-worries attitude to life," said Mr Dale.

"We show the drinker in a no-worries situation. The good thing about cinema advertising is that you have a captive audience of 18 to 35-year-old drinkers."

Häagen-Dazs is happy with its free advertising: "It's important in terms of setting the scene that people do believe for 40 seconds that it really is a Häagen-Dazs ad, and the consequence is that we get a free show," said Mr Justin King, managing director of Häagen-Dazs UK. "Spoof ads as a genre are well understood by the UK consumer."

Deal near on extra BSkyB channels

By Raymond Snoddy

BRITISH Sky Broadcasting, the satellite television broadcaster, is close to a deal that would bring at least three more television channels within a single subscription package on the Astra satellite system.

The deal would involve scrambling and then charging for Sky One and Sky News, the two remaining Sky Television channels for which no charge is made.

The three new channels that would go on Astra if the deal is completed are Discovery, a channel based on documentaries; Bravo, a classic film channel; and The Children's Channel. All come under the banner of United Artists Programming.

The aim would be to create a new subscription package for viewers which would contain at least five channels and which would cost perhaps £2.99 a month.

The new method of charging would be introduced in a year and would mean that the pattern of satellite television would resemble cable television where customers buy a basic package of channels and can then chose individual premium channels such as those showing recent films.

It is possible that UK Gold, the new general entertainment channel soon to be launched by Thames Television and the BBC – which is backed by Cox Enterprises of the US – could also join the new package. However, talks on that are believed to be less advanced.

The deal would allow other cable and satellite channels to use the existing "smart card" charging system developed by Sky. The new policy is also a recognition that, although satellite channels are interested in advertising revenue, subscription revenue is always likely be more important.

BSkyB is a consortium in which Pearson, owner of the Financial Times, has a significant stake.

Ashley Ashwood

John Major and Albert Reynolds yesterday stepped in to resolve the Ulster talks impasse

Prime ministers set 'final' deadline for Ulster talks

By Ralph Atkins

TALKS on Northern Ireland's political future were given a "final" extension of seven weeks by the British and Irish prime ministers yesterday after they reached a compromise to avert the collapse of the negotiations.

Mr John Major and Mr Albert Reynolds managed to resolve a dispute between the two governments over the timing of the next Anglo-Irish inter-governmental conference – which unionists have insisted must mark the cut-off point for the separate talks on Ulster. The conference will be held on November 16.

The deal gives a breathing space for participants in the Ulster talks, who include representatives of the British and Irish governments as well as unionist and nationalist leaders. But it does nothing to lessen the large compromises that will have to be made by all sides if an agreement is to be reached.

So far any agreement on how Northern Ireland should be governed is at best sketchy. Unionists remain concerned about the republic's constitutional claim to the province and the Rev Ian Paisley's Democratic Unionist Party has withdrawn from the talks until the claim is on the table for discussion. It is not clear if he will return when talks resume in Belfast on Wednesday.

The two prime ministers noted yesterday that "the Northern Ireland parties were committed to participate actively and directly in the North-South discussions."

Mr Major and Mr Reynolds became embroiled in the row after British and Irish ministers failed to reach agreement in Dublin earlier this week. The two prime ministers agreed there would be no more extensions to the Ulster talks.

The Irish government sought an early date for the inter-governmental conference, fearing that otherwise the 1985 Anglo-Irish Agreement under which the meetings are held, would be devalued. However, unionists insisted that the separate Ulster talks could not continue once it was reactivated. They demanded suspension of the Anglo-Irish pact before they would begin talks.

Cut likely in some overseas call costs

By Hugo Dixon

CHARGES for phone calls from the UK to Australia, Canada and Sweden are expected to fall following the government's announcement yesterday of more competition on these routes.

A new form of competition, known as simple resale, will allow operators to lease international circuits in bulk from British Telecommunications and Mercury Communications and resell services.

Customers will be able to access the resellers' services via the public telephone network – that has not been permitted under the more restricted form of resale allowed since last year.

Simple resale is expected to be an economic proposition because prices of international calls are considered to be well above costs in spite of pressure from regulators which has resulted in significant cuts.

Large business users are expected to be the main beneficiaries. But there could be a knock-on benefit for residential customers if BT and Mercury cut their charges in response to competition.

Industry analysts believe the Department of Trade and Industry will authorise resale to the US – the busiest destination for international traffic from the UK – after a meeting to be held next month by the US regulatory authorities at which relaxed regulation on international competition is likely to be agreed.

Australia and Canada each account for 3 per cent of the UK's outgoing international traffic while Sweden accounts for 2 per cent according to the London-based International Institute of Communication. The US accounts for 19 per cent.

The DTI said it had awarded the first licence for international simple resale to ACC Long Distance, a US company which plans to start a service to Canada next year. Four other companies are also having licences processed.

Serious cases of river pollution fall

By Bronwen Maddox, Environment Correspondent

THE NUMBER of serious river pollution incidents in England and Wales fell by 41 per cent to 386 last year because of "tough and rigorous control measures", the National Rivers Authority said yesterday.

In its annual report the pollution watchdog said the total number of pollution incidents in 1991 had been 22,469 – an increase of 8 per cent on 1990.

It blamed the rise in the total number of incidents on a 12 per cent jump in the number of times sewage was reported to have leaked into rivers.

The NRA, created in 1989 ahead of the privatisation of the water and sewerage companies of England and Wales, has won a reputation as a confrontational regulator.

It carried out 356 prosecutions in 1991, and secured a conviction in 90 per cent. Fines against offenders ranged up to £200,000.

Of the "major" or serious reported incidents in 1991, a quarter were from farm pollution, a quarter from sewage, 22 per cent from industrial, 20 per cent from oil and the rest unclassified.

"Major" incidents are defined as those where there could be a persistent effect on the water quality or where the conditions of licences for discharging are breached.

One of the main reasons for the drop in major incidents was that the number of serious farm pollution incidents fell 60 per cent from 239 to 99.

The Severn Trent region of the NRA covering central England, which includes much agricultural land, had the highest proportion – 22 per cent – both of total incidents and serious incidents.

Ashley Ashwood

Heritage secretary Peter Brooke yesterday after he was named as David Mellor's successor

Urbane Brooke aims for patient progress

Ralph Atkins on Mellor's unexpected successor

WHEN he was Northern Ireland secretary, Mr Peter Brooke once leaned out of a large window overlooking Horse Guards Parade in London. He watched the crowds dispersing in the fading evening light after a ceremonial display of troops Beating the Retreat.

"Isn't that picture just like a Canaletto?" he asked the guests he was entertaining.

Few at Westminster yesterday regarded the traditionalist, slightly-fogeyish Mr Brooke, 58, as a natural choice as heritage secretary and the job of overseeing the eclectic world of the arts. He has not deliberately cultivated an image as a man of aesthetics.

His reputation is more as a gracious, if unremarkable, former Treasury minister who fared badly as party chairman but somehow defied expectations to bring Northern Ireland's feuding political leaders to the negotiating table.

Mr Brooke nearly fell from the cabinet in January after singing "Oh my darling Clementine" on an Irish television chat show only hours after an IRA bomb had murdered seven civilians in County Tyrone. He finally left the cabinet for the backbenches after the general election – deliberately, in order to contest the election for the Commons speakership, Downing Street revealed yesterday. He failed in his bid.

But Mr Brooke's style of politics is not narrow-minded or ideological. He at least tries to cultivate an artist's eye.

He interests are listed in Who's Who as "churches, conservation, cricket, pictures and planting things".

Mr Brooke's greatest strength is probably his patience, exemplified by his frequently protracted deliberations with Northern Ireland's political leaders. His style is to persuade, not provoke. He is unlikely to want a confrontation with either the BBC, whose future lies largely in his hands, or with the competing interests anxious about the forthcoming national lottery.

Perhaps most surprising is Mr Major's decision to bring Mr Brooke's back into his cabinet. Although a senior Downing Street official described the two as "old friends," they are not political bedfellows. Mr Brooke is a conservative with a small "c" and gently paternalistic by character. He would not automatically embrace a world of citizen's charters and Wilsonian political fixes.

But Mr Major appears to have been impressed by Mr Brooke's performance at the Northern Ireland Office. Mr Brooke is also loyal – any tension between the two has never surfaced publicly.

To a prime minister facing a cabinet embroiled in near-public splits over European and economic policy, a senior politician who can be trusted to back the official line in areas outside his department is a valuable ally.

Divisions over Europe threaten unity of Tories

Philip Stephens considers the PM's likely strategy to avoid another civil war in his party

IT IS not the fault-lines in the European exchange rate mechanism which will preoccupy Mr John Major this weekend. As he reflects on the past few bruising days for his government, the prime minister's first concern will be the fractures in his party.

It was Mr John Smith's forensic demolition of the government's handling of the sterling crisis which caught most of the headlines. But it is the *simmering discontent* – and implicit threat of revolt – from the Tory backbenches which hold the real perils for Mr Major.

The careful Tory coalition for pragmatic Europeanism which he so painstakingly constructed from the wreckage of Mrs Margaret Thatcher's departure is beginning to crumble. The prospect that the Conservative party could tear itself apart over Europe for the second time in two years can longer be dismissed as fantasy.

It is too early to be apocalyptic. Just as it is possible to see *the mines strewn across* Mr Major's path as he seeks to reconstruct credible policies on the economy and Europe, it is possible also to see the escape routes.

Mr Major is at present shattered by the shock of the pound's retreat from the ERM. Backbench MPs, dragged back from their holidays to be gleefully derided by an opposition they trounced in the April election, are muttering about the need for something called leadership.

In reply, ministers remind the critics that the prime minister has proved nothing else, and that he has the political acumen and personal skills to bridge the divisions in his own party.

But *some of the mines look* certain to explode. The succession of events leading from the No vote in the Danish referendum on Maastricht through *sterling's departure from the* ERM to the narrow Yes vote in the French poll have proved a fertile recruiting ground for his party's Euro-sceptics.

Mr Major's achievement last year was to shrink the support *for the* Euro-sceptics to a core group of about 20 to 30 irreconcilables. The dissidents could then be branded a splinter rather than a split.

But the events of the last few months have swelled the numbers. More than 60 Tory MPs yesterday signed a Commons motion demanding the government abandon any thought of a *return to fixed exchange rates*. The list, which may attract another dozen or so names, provides a reasonable proxy of the strength ranged against all *things pro-European*.

The prime minister has acknowledged that strength. The conditions set for sterling's eventual return to the *ERM* reflect in part genuine anxieties over how the mechanism works.

But they also reflect Mr Major's judgment that a decision to re-tie sterling to the D-Mark before a recovery in the domestic economy is in place would provoke a powerful revolt. So too does his decision in effect to postpone the Maastricht ratification process until early next year.

So Mr Major is playing for time. His assessment runs as follows. The next few months will see all of Europe's leaders struggling to find an accommodation which brings Denmark back to the Maastricht fold. That may prove impossible and the treaty will collapse, averting the need for a confrontation in the Conservative party. If an accommodation is found then it will be on lines – commitments to decentralisation and the disavowal of a common defence and policy – which could win back the "soft" Euro-sceptics.

In parallel, the relaxation of Britain's monetary policy should trigger the economic recovery needed to restore more general confidence on his backbenches.

It is credible strategy – and probably the only one. The question is whether Mr Major will have time to implement it. *While the pressure from his* party is to stall, if not to abandon, Maastricht, Mr Major's European partners – including the German chancellor Helmut Kohl – are determined to press ahead.

What Sir Leon Brittan, EC commissioner, refers to as the "recurring nightmare" of an inner core of European nations making decisions which profoundly affect the UK but over which the government has no influence has returned.

It was that nightmare that prompted the Conservatives to ditch Mrs Thatcher. It still horrifies prominent cabinet ministers such as Mr Douglas Hurd, Mr Michael Heseltine and Mr Kenneth Clarke.

And, for all the noise now being made by the Euro-sceptics, the relegation of Britain to Europe's second division *is no more acceptable to* most in the Conservative party or to the majority in the cabinet now than it was two years ago.

The enthusiasts *for* Europe are for now keeping their counsel in the hope that Mr Major's strategy will deliver his party for the second time in a year. The alternative is another civil war.

Receivers called to City PR company

By Peggy Hollinger

STREETS, one of the oldest financial public-relations companies in London has closed, and receivers have been called *in by Royal Bank of Scotland*.

The action brought to an end nearly 180 years at the forefront of public communications in Britain. The company was set up by Mr George Street, a colleague of Mr Charles Barker, another leading figure in the public-relations industry.

Staff cleared their desks at lunchtime yesterday after being told that the company would not be able to pay September salaries and expenses. Mr Mark Reilly, representing receivers Clarke Whitehill, *said* the 43 employees would receive their statutory entitlements when the investigations were complete.

Meanwhile, Citigate, another public-relations company, moved to snap up the direct and financial marketing divisions of Streets for an undisclosed sum. Citigate has been expanding, most recently with the purchase of Charles Barker Advertising from Corporate Communications, which went into receivership last month.

Streets is believed to have *left* debts well into six figures. Mr Reilly said the receivers hoped to recover between £750,000 and £1m from debtors. But the total might not meet all the obligations.

Streets was once London's largest financial PR company, employing 150 people in 1987. However, it has suffered difficulties since the departure of several senior executives, who *set up Citigate*.

Government cancels £75m relocation of prisons HQ

By Alan Pike, Social Affairs Correspondent

THE GOVERNMENT yesterday announced the cancellation of a £75m project to relocate the headquarters of the Prison Service to Derby because of public spending pressures.

Mr Kenneth Clarke, home secretary, said that, faced with important demands on resources to finance and equip the police and expand and refurbish prisons, he would "not be justified in spending large sums of money on a new headquarters building".

The government had intended to locate up to 2,000 civil servants in a new 450,000 sq ft building at St Mary's Wharf, Derby. About 60 per cent would have moved *from* central London, Croydon, Birmingham and Corby, with the remainder new locally-recruited staff.

Contracts were awarded in the spring, and site work on what would have been Derby's *biggest office development* had already begun.

Mr Clarke said yesterday "tens of millions of pounds" would be saved by cancellation of the project. However, the home office could not say what cancellation charges the government may face by withdrawing at this late stage.

Hyperion Properties, the main developer, said yesterday it was "*commercially covered*" against the cancellation. Directors of AMEC, awarded the £57m building contract by Hyperion, will meet to consider *the position* next week.

Mr Tony Blair, shadow home secretary, said he would *demand a full explanation* from Mr Clarke. "He must tell us whether it is true that over £11m has already been spent on the project and he must *publish full details of* any penalty clause."

Mr Nick Brown, leader of Derby City Council, is due to meet Mr Clarke next Wednesday and will urge him to regard the project as postponed rather than cancelled. "If the government decides to go ahead with the relocation in the future, we should not have to go through the process of *bidding for it all over again*."

However, Mr Clarke's decision raises doubts over whether the project will ever be revived, certainly on its *current scale*.

Time flies for 90-minute patriots

The Scottish National party remains optimistic, says **Bethan Hutton**

FIVE *MONTHS after* coming down to earth with a very hard bump, the Scottish National party's bruises have almost healed.

With an eye to the general election, last year's conference slogan promised Scotland would be "Free by '93". In the event, it won two seats fewer *than its tally before* the election – in spite of increasing its share of the vote.

At this year's conference in Perth, the SNP is gearing up *for a long, hard slog to 1996 or* beyond, but it is still looking forward to eventual success.

"I think the party has drawn a line on the election," says Mr *John Swinney, one of the main* authors of the four-year plan presented to the conference yesterday.

A full post mortem was carried out *immediately after* the election, and its findings have been incorporated into the plan. The chief goal is to win a mandate for independence at the next general election, but there are interim goals, such *as pushing for a referendum* between now and the EC summit in Edinburgh in December, and making a strong showing in the European elections of June 1994.

The message of the plan, and *of many of this week's* speeches, is that the party cannot afford to waste any time.

"*We misjudged how much* we would have to do to reassure the public to go with us," says Mr Swinney. "We started campaigning too late in the day on independence, we didn't cultivate the ground as well as we should have to make people either believe us or understand what we were talking about.

"*We need to build confi*dence, build an independence lobby, build discontent with the union, build far greater motivation among the elector*ate to vote for the SNP and to* vote for independence."

The plan concentrates on organisational and financial strategies, not policy issues. *In all the post mortems since* April, there appear to have been no admissions that SNP policies may have had some part in their electoral defeat. *The poor showing is blamed on* lack of money and organisational skills – and, in some cases, on the voters.

Some senior members have been unable to hide their frustration with the apparent fickleness of the electorate. High ratings in the polls before the election translated into only three parliamentary seats.

Mr Jim Sillars, the former deputy leader, earlier this year called Scots "90-minute patriots". At the conference his words were echoed by Mr Iain Lawson, SNP industry spokes*man, who called Scotland* a "numpty" (stupid) nation and said that maybe Mr Sillars had credited Scots with 89 minutes of patriotism too many.

Such anger is understandable after the disappointment of the election result, but the headlines after Mr Lawson's speech are not going to win many votes.

The other message of the plan is that the party has woken up to the importance of money.

The SNP is at a severe disadvantage to the Labour and Conservative parties in that it has no *traditional financial* base of business or union donations. So far it has looked to its members, relying on many gifts of small sums. The four-year plan makes tapping of new sources of funding both the target and fuel of a sustained public-relations offensive.

In spite of the relentless optimism and forward-looking stance of most of the speeches, there is *an unmistakable* feeling at the conference that the party still needs to take stock and decide on its political orientation.

Tension between moderate left-of-centre and harder-left factions of the party was revealed during Thursday's debate on whether the SNP should define itself as a party "in the mainstream of the European social democratic tradition".

In one sense, all SNP policies apart from independence will be irrelevant and potentially divisive *for the foreseeable* future. If the SNP ever gets the chance to negotiate independence, it would immediately resign and call a general election *in which it would be one* of several parties competing to govern Scotland.

But much as the SNP would like to turn every election into *an independence referendum*, the public has shown itself unwilling to vote on single issues.

The mood of delegates at *Perth is remarkably cheerful* given the outcome of the election, for their party, but conference delegates are dedicated, committed activists rather than average members.

The SNP has promised to take its message to the people with an autumn of street campaigns in favour of a referendum and against water privatisation. The level of enthusiasm *shown on wet* November days in Glasgow shopping centres will be a better indicator of whether the party has the stamina to carry it through the next few years than anything seen in Perth City Hall this week.

Rules eased on sale of non-cat cars

By John Griffiths

THE GOVERNMENT plans to give car dealers and manufacturers an extra year to sell at least 40,000 new cars built without pollution-curbing catalytic converters.

The move, arising from the collapse in the new-car market which has left the industry with excessive stocks, in effect ends any prospect of the non-cat cars being offered at bargain-basement prices before the end of the year.

Under an EC directive introduced in mid-1991, registration of new cars without catalytic converters is scheduled to become illegal throughout the Community after this year. However, subject to certain volume restrictions, the government now plans that they should be able to be sold until the end of next year.

With new car sales both in the UK and to a lesser extent some continental markets this year falling well below predicted levels, the UK industry some weeks ago joined France, Belgium, Italy, the Netherlands and Greece in seeking extra time to sell their remaining models without catalytic converters.

Without the extension, manufacturers – many already incurring substantial losses – faced selling the cars at even deeper discounts than those already being made, or registering them without real owners and selling them as used.

One rumour current before the government's rescue proposal was that such cars might be put in the crusher to prevent them further undermining the market.

Under the scheme, the extension will apply only to non-cat cars built between August 1990 and the beginning of this month.

Each manufacturer's sales of such vehicles will also be restricted to not more than 10 per cent of its total sales this year.

The government estimates, however, that there will be only enough cars without the converters left unsold after January 1 to account for around 3 per cent of next year's total sales, or just over 40,000 units on a market which is widely expected to total 1.6m units.

Ford, the leading UK vehicle maker, has warned union officials that it has too much capacity in the UK.

The company has told white-collar unions that 82 salaried jobs must be cut in the UK in addition to the 1,487 hourly paid jobs that are to be cut by the end of the year.

Sales of its Fiesta and Escort/Orion cars and light vans were forecast "to remain low", said the company.

It has warned the unions that if it did not take action "this reduced demand would lead to . . . a worsening cost position which would put at risk new product and other investment programmes".

Ford is cutting capacity at its assembly plants in Dagenham, east London, and Halewood on Merseyside by around 20 per cent, and production levels at its component plants will also be affected.

It warned that "the situation could deteriorate even further" forcing the company into more cutbacks.

Rolls-Royce drops plans for new model

By Kevin Done, Motor Industry Correspondent

ROLLS-ROYCE Motor Cars, the loss-making subsidiary of Vickers, has been forced to postpone indefinitely the costly development of a generation of new models in the face of mounting financial problems and Vickers' failure to find a "strategic partnership" for the troubled business.

According to Sir Colin Chandler, Vickers' chief executive, the company had made "intensive efforts" to find a partner for the Rolls-Royce Motor Cars operations.

It had failed to make any deal, however, most importantly because of the "continuing uncertainty" of the business.

Sir Colin said that Rolls-Royce Motor Cars would be unable to press ahead with development of a new model generation in the present business climate, but would seek to "evolve" its present cars.

The latest round of 950 job cuts announced this week for Rolls' Crewe plant are aimed at reducing the company's break-even level to around 1,400 cars a year from 2,800 in 1990. Sales of Rolls-Royce and Bentley cars have plunged from a peak total of 3,300 in 1990 to 1,723 last year, and are forecast to total between 1,250 and 1,350 for the whole of this year.

"Our policy for this business is to continue to make use of the brand name and trade from this new break-even level," said Sir Colin. "We will try to sell profitably from that level for the next two to three years. We will continue product development on an evolutionary basis. We think that will work. There is an awful lot of customer loyalty."

He said that Vickers had reached "a fair bit of depth" in negotiations with "one or two partners", but there had never been "a concrete figure offered". The most serious discussions have been with BMW of Germany.

Postponement of the development of a new product generation is a serious setback for Rolls.

The company had expected that the present Rolls-Royce/Bentley chassis platform would be replaced early in the second half of the 1990s. That would have maintained its present 15 to 17-year model life cycle, which is two to three times the industry norm.

Sir Colin said would-be partners also faced problems in their own luxury car businesses. "It is the wrong time to be trying to negotiate a partnership."

He expected further negotiations, however. "It has not gone away. When markets come back, I am sure that negotiations will resume."

Vicker was no longer "actively trying to sell" the Rolls-Royce business, however. "We think we can run it profitably," he said.

Mike Arron

Rolls-Royce's Crewe plant, which lost 950 jobs this week: car sales have plunged from 3,300 in 1990 to a forecast 1,250-1,350 this year

Contemplating a gamble

By Paul Cheeseright

MR EDDIE JONES has a sheaf of papers on his living-room table. They are the details of a suggestion from Rolls-Royce Motors that he take voluntary redundancy.

He is one the 950 people Rolls-Royce would like to see depart by the end of the year. "I think I will be tempted to go," he said. "It's a bit of gamble." A bit of a gamble financially, because there are not many jobs available in Crewe, Cheshire, which has long been the Rolls-Royce company town.

In a reversal of the usual pattern, he will be following in the footsteps of his sons, now both in their 20s. They were both Rolls-Royce apprentices: one took voluntary redundancy, the other was made compulsorily redundant.

Mr Jones continually referred to Rolls-Royce as "we". Old habits will die hard for a man who has spent nearly 30 years in two spells with the company.

"I was just 20 when I went into Royce's for the first time," he recalled. "It was a hive of activity then. There was a lot more built in-house. I went in prepared to take anything."

The style of management has changed over the last few years. "They're treating us like mushrooms – keeping us in the dark and feeding us bullshit.

"The whole atmosphere in the factory when I first started there was totally different . . . you could get hold of a manager and he knew something about it [the way the car worked and how it was put together]. They've got this theory now that managers are there to manage men and not to manage the job. It doesn't work. You get people coming in from outside – from all sorts of managerial jobs – and they just don't know the product."

Once, he said, people were proud to work for Rolls-Royce, but the recession seems to have taken its toll on morale. "The way we've been treated over the last couple of years, the loyalty is just not there any more. It's just a place to go and earn money."

Midlands colliery to shed 580 jobs

THE WORKFORCE at the Daw Mill colliery in Warwickshire is to be halved with the loss of 580 jobs, British Coal said yesterday.

Daw Mill, the last pit in the Warwickshire coalfield, produced more than 2m tonnes last year, with 1,170 miners working on three faces. British Coal said the pit would be reduced to a single face.

Co-op Bank bans speculation

CO-OPERATIVE Bank is banning speculation by itself against the pound as a matter of policy in reaction to the profits gained by some of its competitors in currency trading during the recent sterling crisis.

The policy will be added to the bank's ethical policy which forbids it to lend money to companies and organisations involved in activities such as tobacco manufacture, animal exploitation and blood sports.

Laird closes plant

LAIRD GROUP is to close its Burnley aero-engine components plant, which employs 339 people, by the end of the year. The company said it was not yet clear how many workers could be redeployed within the group.

BP sells building

BRITISH PETROLEUM has sold a City of London office building to Gertler Properties, a German family-owned company, for £37m.

The 100,000 sq ft office building in Chiswell Street, which was completed in 1988, was let in 1989 to Lloyds Bank.

Argyll jobs boost

JUST OVER 2,500 full and part-time jobs are to be created by Christmas at 15 Argyll Group stores across the country.

Rail line to shut

A 22-mile freight-only railway line between Redmire and Northallerton in North Yorkshire is to close on December 31 because British Steel, the sole user, says it is too expensive to use.

CORRECTION

Hatfield Galleria

THE Hatfield Galleria, a Hertfordshire shopping centre, has not closed, as suggested in a caption in yesterday's FT. Although it has gone into receivership, it is still trading.

Visit aims to ease Sellafield fears

By Chris Tighe

UNION OFFICIALS at the Sellafield reprocessing plant in Cumbria will meet other trade unionists and ministers when they visit the Irish Republic on Monday.

The three-day visit, funded by the GMB general union and British Nuclear Fuels, the state-owned operator of the plant, is part of an attempt to counter opposition from the Irish Republic to the reprocessing plant.

Five officials from the GMB, the largest union at Sellafield with 3,000 members, will meet union officials and politicians from both sides of the Irish border.

The Sellafield delegation includes a shop steward from the complex which controls discharges of cooling water with traces of radioactivity into the Irish Sea.

The aim of the visit is to achieve a better understanding of grassroots Irish opinion on Sellafield and to correct misapprehensions. "There's been a lot of misinformation given to them," said Mr Nick Johnston, GMB branch secretary.

Mr Johnston said he did not believe the delegation was taking on management's job of disarming opposition.

TGWU confirms merger plan

By Catherine Milton, Labour Staff

LEADERS of the TGWU general workers union yesterday officially confirmed plans for a merger with the GMB general workers.

The formal announcement follows months of speculation about a courtship between the two unions, which have a combined membership of 2m across British industry. The move will be welcomed by employers who see union amalgamations as a means of simplifying collective bargaining agreements.

Mr Bill Morris, TGWU general secretary, said: "There is a clear industrial logic for the T&G and the GMB to work towards a merger."

Mr Morris said he hoped the merger would take place far sooner than Mr John Edmonds, GMB general secretary, has suggested. Mr Edmonds said he did not expect to see the two unions still separate at the end of the century.

The announcement is a response to the financial difficulties all unions face. The TGWU last year spent £11m more than its income. The move has also been prompted by a rash of mergers between other unions, some of which threaten the 1.1m-strong TGWU's 60-year reign as Britain's largest union.

The AEU and the EETPU recently merged to form the AEEU electrical and engineering union with 980,000 members. Next year Nalgo, Nupe and Cohse, the public-sector unions, will merge to form Unison with 1.5m.

TGWU leaders also announced they would no longer take part in beauty contests, in which companies rather than workers decide which unions should have representation rights. This follows the GMB saying that it would also shun such competitions.

● Unions in the rail, coal and electricity industries are considering a joint campaign to protest against what they see as threats to jobs – from privatisation, pit closures and generating electricity from gas.

The main unions understood to be involved are the TGWU and GMB general unions, the NUM and Nacods miners' unions and the RMT, TSSA and Aslef rail unions.

NatWest faces ban on overtime

By Catherine Milton

MORE than 1,000 staff at National Westminster Bank have voted for industrial action over compulsory redundancies, the Bifu banking union said yesterday.

The union has called for an urgent meeting with the bank, and if the dispute is not resolved staff based mainly in Manchester branches will begin an overtime ban on October 1.

NatWest, the second-largest UK bank, said customers would not be affected. The bank, which has a workforce of 102,000, said the action would not "alter the compelling business reasons which make necessary the reduction in staffing levels".

NatWest announced in April that it would shed 4,000 jobs this year including 1,900 in its UK branches. The bank rejects Bifu's accusation that its methods of selecting staff for redundancy are unfair.

Almost 300 staff voted in favour of the action, while almost 250 voted against. NatWest said 12 other groups among its 5,000 staff based in Manchester had also been balloted with most voting against action. Bifu members will demonstrate in Manchester today.

Playing the game will be more important than winning

World Corporate Games

Entries	6,000
Company teams	400
Number of sports	22
Sponsors	50

Biggest teams:	
British Airways	448
IBM	250
Midland Bank	213
Wellcome Foundation	142
Securicor	102
Touche Ross	98
Chemical Bank	98
Abbey National	93
Jazz FM Listeners	91
Texas Instruments	90
Morgan Stanley	86
Norwich Union	74
Queen's Moat Leisure	74
John Laffoll	74
Ernst & Young	70

Opening ceremony: Spitalfields Market, London, tomorrow
Closing ceremony: Spitalfields, October 4.

By Richard Evans

IT WAS not always easy to appreciate that a week of sporting trial by strength and skill lay ahead for the competitors registering in London yesterday for the World Corporate Games.

Some were in peak physical shape in their track suits and trainers, but others were way past retirement age, and a few clearly had a weight problem.

These are no ordinary games, however, and the height of skill and fitness is not the main requirement. Unlike the pretence at the Olympic Games, taking part rather than winning really is what matters.

About 6,000 people from a dozen countries will be competing in 22 sports at venues in the London area, including tennis at Wimbledon and Queen's Club, golf at Wentworth and soccer, basketball and track events at Crystal Palace.

The largest corporate entries come from British Airways – one of the event's main sponsors – IBM and Midland Bank. But among the 450 teams are also one from a London restaurant entering three Bangladeshi badminton internationals and a group of warders from Brixton prison.

Competitors are arranged in age categories from the under-30s to the over-60s, (there are 150 of those), with an open class for athletes of any age who wish to compete at the top level. There are no qualifying standards – the system of age categories is intended to give sportsmen and women the chance to compete against others of similar ability.

Teams are split into championship divisions based on the number of participants, from Division 1 for teams of between one and five athletes to Division 8 for those with more than 200.

The games started in San Francisco in 1988 as a way of involving organisations in team events, and were held there again in 1989, in Hawaii in 1990 and Lille, northern France, last year. They will be held in Malaysia next year and South Africa in 1994.

There have been grants to the games of £100,000 from the Foundation for Sport and the Arts and £50,000 from the Sports Council.

Some companies, including British Airways, the official carrier for the games, give substantial support to their teams, and others including IBM, Merrill Lynch and Abbey National provide kit and tracksuits with the company logo. The majority of companies are meeting half the cost, with participants funding the rest.

So what is in it for the organisations that enter? Most say the games are an excellent way of building company morale and team spirit, and they also generate visibility for companies competing in their corporate liveries. Competition for the most striking kit at the opening and closing ceremonies can be as fierce as any contest on the sports field.

As well as sport, the games will provide a business forum next Wednesday when a conference on the management of change in the 1990s, led by Sir John Harvey-Jones, former chairman of ICI, will be held in the City.

FT deputy chief executive to retire

MR RICHARD McCLEAN, deputy chief executive of the Financial Times, is to retire next July after 38 years with the group.

Mr McClean originally joined the advertisement department and became the first advertisement director to reach the FT board, later taking responsibility for circulation sales and marketing as well as advertisement sales. He subsequently became managing director.

He developed the "No FT . . . no comment" slogan and was one of the guiding spirits behind the newspaper's expansion programme from its first printing in continental Europe to the US and Japan.

Mr David Palmer, chief executive, said yesterday that Mr McClean had told him some time ago of his intention to retire in his mid 50s and to do something completely different.

"While I shall greatly miss the breadth of his experience and the depth of his support after his departure, I am delighted that he will continue to be with us for another nine months," Mr Palmer said.

Mr David Bell, now advertisement director, will become managing director of FT Newspaper next July. He will be responsible for the FT's day-to-day operations and for its financial performance. Mr Tony Blin-Stoyle will become advertisement director.

Public health authorities notified over Hickson fire

By Clive Cookson, Science Editor

PUBLIC HEALTH authorities have been notified of 129 people developing various symptoms of ill-health after Monday's fatal explosion and fire at the Hickson and Welch chemical plant in Castleford, West Yorkshire.

Most of those affected have been Hickson staff, firefighters and other members of the emergency services involved in the accident, which killed three workers and directly injured 14 others. Their symptoms include eye and skin irritation, breathing problems, nausea and vomiting.

Wakefield Health Authority is also contacting members of the public "who may or may not be connected to the incident and who have reported similar symptoms".

Dr Alison Evans, the health authority's public-health director, said last night: "The possibilities of a chemical or infectious agent, or both, being responsible for these symptoms are being actively investigated and nothing has been eliminated from the inquiry at this stage."

But Dr David Fyfe, Hickson and Welch managing director, said tests had shown no evidence of chemical poisoning as a result of the accident. Dr Virginia Murray, a toxicologist from Guy's Hospital, London who is investigating the symptoms believed they were consistent with a gastro-intestinal infection such as food poisoning.

One possibility is that large amounts of dirty water from the River Aire, sprayed on to the site to put out the fire, could have spread infection.

Meanwhile the company is continuing to investigate the cause of the explosion with the Health and Safety Executive.

The only parts of the factory damaged on Monday were the nitrotoluene distillation column where the fire started and an adjacent control room and office block. Production of other chemicals had returned to normal, Dr Fyfe said.

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Exorcising the demons

THIS WEEK the Bundesbank, the tabloid press and the speculators vied with each other for pride of place in the government's new demonology, as sterling plumbed further depths and Mr John Major shed the unfortunate heritage secretary Mr David Mellor from his cabinet. Yet the weakness of the government and its excuses were simultaneously exposed by the impressive French attempt to tough it out with the markets. After massive intervention, the franc was well clear of its floor in the exchange rate mechanism by the end of the week. What it is, you might conclude, to have Chancellor Kohl and the Bundesbank on side, though that is not a lesson that Mr Major and his chancellor appear anxious to take aboard after their undignified exit from the ERM last week.

A two-speed Europe was always implicit in the convergence criteria of the Maastricht treaty. It is now likely to become more explicit, as the Eurosceptics' pet demon Mr Jacques Delors hinted on Thursday, with a hard core of countries moving towards monetary union. But at what cost to other European aspirations, such as the Single Market?

One of the more striking financial developments of the week was the re-introduction of exchange controls in Spain, Portugal and Ireland in response to huge speculative flows. The legality or otherwise of these moves will no doubt be a matter of concern to the bureaucrats in Brussels. The wider worry is that if the moves prove other than temporary, they might be construed as a serious blow to the 1992 programme in which the abolition of controls played a key part.

Yet the countries that have chosen to retreat into this form of financial protectionism are responding all too logically to the pressure of events. The Bretton Woods system, to take an obvious parallel, did not operate without exchange controls. They were an important prop in a fixed exchange rate system where one leading country, the US, pursued its own monetary policy without undue regard for the other participants. Unless the peripheral countries were prepared to accommodate the policies of the central country, they needed the protection of exchange controls to prevent speculators exposing divergences in policy.

Early warnings

The ERM has operated on the same asymmetrical basis, with Germany occupying the central role. Since early 1987 the member countries sought to avoid realignments; and they were prepared to pursue that goal without the exchange control prop despite warnings from prominent members of the banking community about the potential difficulties.

It was easy enough to accommodate the policies of the Bundesbank for the first four years of the experiment. But then unification substantially raised the cost of doing so, as German fiscal policy loosened. Meantime real exchange rate appreciation in Italy and Spain left the lira and the peseta looking overvalued; arguments raged about the sustainability of the sterling parity and the disinflationary thrust of the British government's policy in a protracted recession.

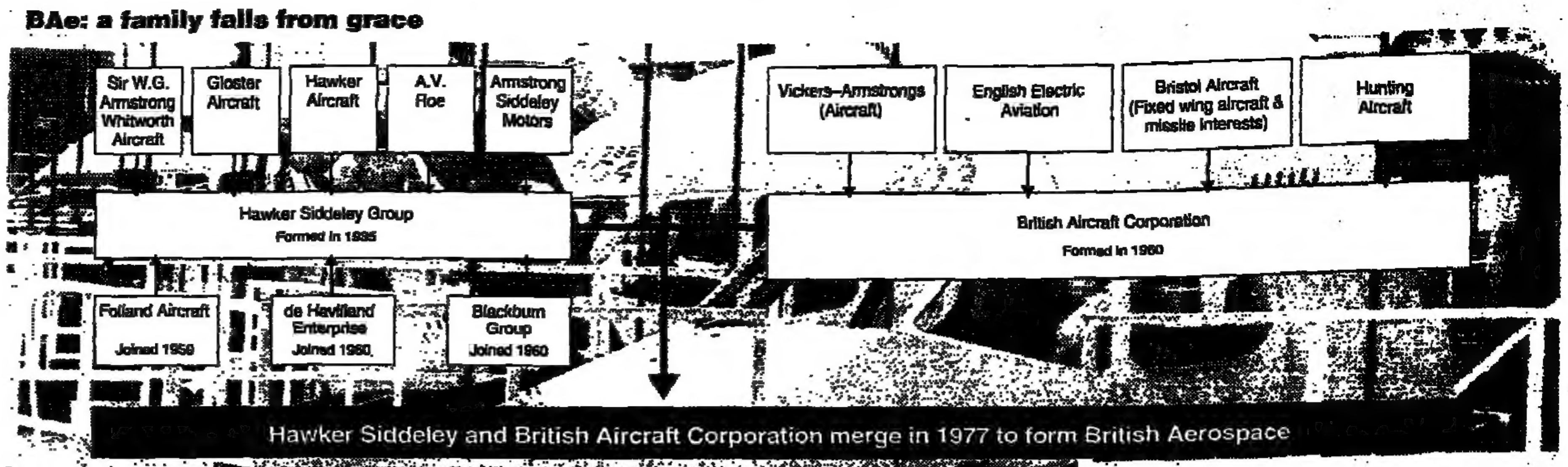
One-way bet

After their heavy losses in the 1980s, the banks were initially reluctant to run big speculative positions against the weaker currencies. But when it became clear that intervention to support the lira was on a scale that posed a threat to the German money supply, the bankers scented a one-way bet. International fund managers who had invested in Europe on the assumption that the ERM parities would hold felt obliged to hedge against devaluation in the weaker currencies. And when it emerged that a slanging match had developed between the British and the Germans, folk memories of a comparable battle between the US and Germany before the Bretton Woods system collapsed in the early 1970s suggested that there was risk-free money to be made by taking on the central banks.

There are costs to Britain's exit from the system, even if the chancellor, Mr Lamont, seems decreasingly aware of them. But those costs, happily, are unlikely to include the nightmare envisaged by the trade secretary, Mr Michael Heseltine, who sees Britain as a potentially less attractive place for inward investment in the wake of the debacle. After the devaluation Britain is a potentially more profitable place from which to attack the European market and one whose domestic growth prospects have greatly improved. Over the long term, flows of capital are driven precisely by perceptions about the strength and weakness of the underlying economies.

The one thing that might lend support to Mr Heseltine's thesis is the possibility that competitive devaluations and the reintroduction of exchange controls will so blunt the political impetus behind the Single Market programme that Europe itself might become a less attractive place for outsiders to invest. It is a thought that Tory Eurosceptics should ponder before inflicting further damage on a weakened government as it approaches the European summit on October 16.

BAe: a family falls from grace



Peter Martin on the sad story of commercial aircraft production in the UK

Aerospace: the blunder years

In the 84 years since the first powered flight in Britain, there have been few moments when one could feel confident about the commercial future of the UK aircraft industry.

This is not one of those moments. On Wednesday, British Aerospace announced half-year results so bad that the stock market wiped another 43 per cent off the already depressed value of its shares.

In reaching that verdict, investors were stigmatising an entire industry: BAe is the repository of the UK airframe industry's history, the inheritor of the traditions of such companies as Hawker Siddeley, Gloster, de Havilland, Blackburn, Armstrong Whitworth, English Electric, Bristol and A V Roe.

Foremost among those traditions, alas, has been a persistent inability to make money on the sale of commercial aircraft. The profits of BAe's military sales are matched, with eerie precision, by the losses of its civilian aircraft. "For every £1 made by the military division, the civil aircraft division loses 96p," BAe said this week.

The contrast between the two arms of the business has rarely been so stark, but it has always existed. The government's Plowden report of 1965, which laid the foundations of the industry's current structure, summed up the post-war story in mandarin's prose:

"British civil aircraft of the new generation of advanced jets have failed in general, in spite of their technical qualities, to realise the commercial expectations with which they were launched."

That judgment is as true today as it was 27 years ago. BAe's half-year figures tell the story: its 146 regional airliner lost £167m; its turboprops £111m.

The stock market has tended to blame the company's recent poor performance on the distractions offered by its acquisitions in the 1980s – a Dutch construction business, a property developer, Rover cars. Sir Raymond Lygo, BAe's managing director in the 1980s, says much of the trouble lies in the attitudes fostered during four years in state hands in the 1970s.

But the roots of BAe's difficulties go back much further. In 1918, says the economic historian Keith Hayward*, the British aircraft industry was the largest in the world: 122 companies producing 1,250 aircraft a month. When the war ended, such huge output was unnecessary. The government kept a core industry alive by spreading orders out, job by job, among favoured companies, "the family".

The industry remained highly fragmented; even when five companies merged to form Hawker Siddeley in 1935, they retained their independent design and production centres, each scrambling for the "penny packets" of orders the government offered.

As a result the industry had no expertise in mass production; when rearmament was necessary, much of the manufacture of aircraft was farmed out to other companies. Two-thirds of all Spitfires, for example, were built in factories run by the Morris motor group.

Design – sometimes brilliant design – was the companies' *raison d'être*; there was no cadre of middle-level engineers, production managers and cost accountants. There were design triumphs – the Spitfire fighter, the Lancaster bomber, the Gloster Meteor jet fighter – but little attention was paid to the mundane task of simplifying production. The Spitfire took 13,000 man-hours to build, while the Messerschmitt 109, its German rival, took 4,000.

As long as the government was prepared to pay for this style of industry with cost-plus contracts, the companies could prosper. After the war, however, with much of continental Europe's aviation industry destroyed, British companies were poised to exploit the newly emerging market for civil airliners.

One such attempt was the de Havilland Comet, the world's first jet airliner, which made its maiden flight in 1949 and entered service in 1952. Technically, the Comet was a success. Commercially, it was a failure – not just because of two fatal crashes in its early years, caused by the inadequate state of scientific knowledge about metal fatigue, but also because it was the wrong size to appeal to US airlines, the largest group of potential purchasers. The Boeing 707, a later entry, was the decisive victor.

The pattern was already clear: military contracting made money, civilian production – with the exception of the Vickers Viscount – lost it. Hawker Siddeley, the only airframe maker to steer clear of civilian business in this period, was twice as profitable as its rivals.

By the late 1950s, the government had decided to cut its defence spending. It encouraged a series of mergers, creating two big airframe groups: British Aircraft Corporation and Hawker Siddeley's aviation division. In the merger process, said one participant, "tough and astute tycoons" fought over company names and fine print. "But at the technical and engineering levels it all took place with scarcely a ripple."

Perhaps that was the problem. There were no technical ripples because the individual centres of operations – 19 in BAC, 10 in Hawker Siddeley Aviation – remained intact, working on individual projects, among them the Concorde.

This was the industry on which the Plowden committee reported. It concluded that the hope of competing with Boeing was already an empty one: "We do not think it will ever be worthwhile for a British manufacturer to embark alone on a new long-range aircraft, or on any new aircraft that is particularly large and complex." Collaboration with overseas companies would be necessary, the aim being to promote a European aircraft industry.

Most important, the industry was so hampered by second-guessing by the government that only a degree of state ownership would allow it to re-establish operational freedom. "The majority of the committee feel that over half the equity should be in government ownership to achieve this purpose."

Nothing came of this suggestion for another decade. In the meantime, the emphasis on Concorde and the Jaguar strike aircraft squeezed out other potentially worthwhile projects, such as an enlarged version of the BAC 1-11 airliner. There was one stroke of luck: BAC won a contract to supply aircraft to Saudi Arabia, which has become, in later years, BAe's lifeline.

In 1977, the Labour government nationalised the airframe makers, merging them to form British Aerospace. The new company joined the European Airbus project, for which Hawker Siddeley had already been making the wing with great technical success. By joining as a full partner, BAe opened itself up to a share of Airbus's losses. And in making this decision, the government rejected the less glamorous but arguably more commercial alternative of a link with Boeing.

Though the change to a Conservative government soon took BAe back into the private sector, there was little integration of the business. Sir Raymond Lygo says that a policy of spreading work around the group's many sites – the logical successor to the "penny packets" of pre-war days – continued.

The 146 regional airliner, which Hawker Siddeley had cancelled in pre-nationalisation days, had been reinstated during the state-owned years. Decisions were made on internal political grounds: to keep the balance between BAC and Hawker Siddeley. There was still a prevailing "cost-plus" mentality; and though in 1989 the civil side of the business made a profit, it was clear that there was no crock of gold at the end of the rainbow.

With the military budget also under pressure, crocks of gold would have to be found elsewhere: in property development, or in buying the Rover car business cheaply from the government. These were the stratagems to which Sir Roland Smith, chairman between 1987 and 1991, turned his attention. They proved ill-timed: Arlington Securities, the property developer, was bought at the top of the market; and Rover cars was not the bargain it appeared. Both have been losing money recently.

With cash running short a year ago, a mishandled rights issue led to Sir Roland's departure, and the arrival as chairman of Mr John Cahill, formerly chief executive of BTR.

It was Mr Cahill's first set of interim results that the stock market greeted in such a hostile fashion this week. His decision to take a £750m charge for reorganisation costs, coupled with a sharp deterioration in the group's operating performance, left the market unhappy. Investors were also nervous about a plan to solve the 146 problem by putting it into a joint venture with Taiwan Aerospace.

BAe's future is unclear. So are the conclusions to be drawn from its story. Is it simply part of the long decline of British manufacturing industry? Is it a qualified success story now fallen on hard times? Or is it a straightforward case of industrial mismanagement?

The long-decline theory relies in part on familiar arguments about a lack of commercial culture among British engineers and of an engineering commitment among British financiers. Britain had an over-sized aircraft industry at the end of the war; it was inevitable that it would lose ground over the years. Government policy interfered too much, or too little; at any rate, it was unsatisfactory. Dedicated people tried hard; but there were bound to be more defeats than victories.

The second view – that BAe has been a qualified success – stems from the way that the group has been able to retain a range of design and project management skills. The group remains a formidable repository of technological depth.

Some of its products – such as the 125 executive jet – are commercial successes; on the military side, it is highly competitive internationally, as its continued ability to win business from Saudi Arabia shows. Overall, the UK aerospace industry has been holding on to its world market share. BAe remains a vital technical contributor to the Airbus, a European success story. Temporary financial problems at BAe should not, on this argument, be allowed to tarnish this.

On the third view, those achievements merely serve to emphasise the management weaknesses of the company and, before that, of the industry. The group as a whole has suffered from weak financial controls and has never achieved the transformation to world-class standards of cost and quality that Rolls-Royce has undergone. Its dependence on military business for its profits has blinded the company to the need to design products to meet customers' needs. Until Mr Cahill's arrival, the group was run by administrators, or politicians, or engineers, or theoreticians – not real businessmen.

All three views probably contain part of the truth. For anyone who grew up with the Comet and the Meteor, however, all three contain mingled sadness and frustration.

* *The British Aircraft Industry, Keith Hayward, Manchester University Press, 1989.*

MAN IN THE NEWS: ***John Smith***

The Tories' chief whip

If Mr John Smith's rave reviews are to be believed, the ancient and all but moribund art of parliamentary oratory may just be making a comeback, rejuvenated by the unblinking eye of television.

Can Labour's fortunes be revived by similar means?

Until Thursday's emergency debate on the economy, the growing view among commentators was that the Conservative party's civil war over Maastricht had rendered four-times defeated Labour all but redundant.

The "end of party politics" thesis, tacitly reinforced by the media's increasing tendency to sideline Labour's spokesmen, had, instead, turned the Tory Euro-sceptics into Her Majesty's government's *de facto*, if unofficial, opposition.

But that is to reckon without the character and capabilities of the new Labour leader: in short, the importance of being Mr John Smith.

Curiously, for a place that makes the unpredictable commonplace, nothing that occurred in the Commons chamber this week came as much of a surprise. Mr John Major made a virtue of the Dunkirk spirit and retreated bravely under fire. Mr Smith proceeded in his debut as opposition leader to demonstrate the formidable debating skills for which he has long been known.

With easy confidence, at times smiling, at others solemn, he raked the Tory frontbench with a potent salvo of observations ranging from outright ridicule, through wry sarcasm to withering contempt.

His chief charge was incompetence. Television audiences, not to mention the Labour backbenches, witnessed the impact as his shots, mercilessly directed at the hapless prime minister, found their mark.

Three times Mr Major took the unusual and risky step of rising from his bench to interrupt his accuser. Three times the Edinburgh advocate ensured that the prime minister was firmly returned to his seat like an unreliable witness whom the jury at home could safely afford to ignore.

Mr Smith's demeanour at the despatch box appeared to intimidate his Tory opponents from making any running with the most damaging charge – that he had firmly backed continued ERM membership and opposed devaluation.

Long-time Commons' watchers claimed that, though it was a vintage performance, Mr Smith has proved a more powerful prosecutor on previous occasions. Many cited his celebrated demolition of Sir Leon Brittan during the Westland affair or the debates where he left no less a figure than Mr Nigel (now Lord) Lawson, whitefaced on the government bench.

But to Labour's foot-soldiers and, indeed, some Tories, such nit-picking did not contradict the most salient fact: for the first time in 13 years – since Mr (now Lord) Jim Callaghan stepped down from the leadership in 1979 – the Conservatives now face a confident, heavyweight opponent.

With Labour's annual conference opening tomorrow in Blackpool, a reminder of his debating skills is timely. Mr Smith's leadership was well past its honeymoon phase by this week. Despite his crushing victory in the July leadership election, critics within the party were suggesting that his public appearances had been lacklustre if not "laid back".

Genuine fears existed among senior party figures that a less than adequate debut in the Commons

could trigger a return to factionalism, with the left openly opposing the right-wing leader's stance on the European issues. Some, not least his rival for the leadership, Mr Bryan Gould, were openly suggesting that his firmly pro-Maastricht, anti-devaluation, anti-referendum position was simply wrong.

But by raising morale this week, the Labour leader has guaranteed himself a smoother passage at Blackpool than he might otherwise have expected. He has also vindicated, in many minds, the cautious strategy that has drawn criticism in some quarters of the party.

This "softly, softly" approach has reinforced his supporters' claim that a non-confrontational style of party management is also having an impact in its highest forums.

Members of the national executive committee have remarked that Mr Smith's interventions on policy issues have been restrained and understated, lowering the tension that Mr Kinnock's "back me or sack me" manner used to generate.

"Neil was like a nervous street-fighter," one NEC member recalls. "Smith has the confidence to say little and let things pass him by because he feels secure about his arguments and positions."

A similar message emerged from this week's shadow cabinet. First, the leader listened patiently to the arguments of the pro-referendum minority. He then pointed out why he disagreed, that a majority were with him, and the importance of the principle of cabinet responsibility.

Calmly adding that, while he had welcomed a debate, it was now time to apply that principle, he then asked if anyone disagreed? "There was silence," a witness relates.

This behind-the-scenes example of what Mr Smith likes to call, in a characteristically legalistic phrase, "analytical reasoning and persuasive exposition", has been employed to good effect elsewhere.

In an unreported meeting with senior union leaders 10 days ago, he swiftly dispelled the potentially damaging impact of a speech Mr John Edmonds, the GMB leader, made at the TUC conference, advocating devaluation. The Labour leader simply explained that Edmonds' view was not the party line and requested that the barons adjust their rhetoric accordingly. There was no dissent.

Quietly too, Mr Smith has strengthened his grip on party policymaking, ensuring that he will chair a new Joint Policy Committee that will, in effect, filter out those deemed unhelpful on Labour's voyage back to the polling booths.

None of this, of course, diminishes the mountain Labour has to climb. The charges against Mr Smith, that he is a plodder, that he lacks imagination, that he naively believes in the "one last heave" solution to Labour's electoral ills, are far from answered.

But the prime minister now knows that at every Question Time from now to the next election, he runs the risk of playing the punchbag and handing Labour a twice-weekly telly-opportunity for the evening news bulletins.

The end of party politics has been postponed.

Ivo Dawnay

Life outside the premier league

David Marsh examines Britain's prospects in a two-speed Europe

"We must build a United States of Europe. Only in this way will hundreds of millions of toilers be able to regain the simple joys and hopes which make life worth living." That was the vision of Winston Churchill, expounded in September 1946 in a celebrated speech in Zurich.

He made clear at the end of the address that, whatever this European union might be, Britain itself would not take part. It would remain grandly on the flank, along with the US and the Soviet Union, among the "friends and sponsors of the new Europe".

This week, the UK is once again facing up to the prospect that European integration could forge ahead without British participation. This time, however, if Germany and France went forward with political and monetary union among a small "hard core", Britain's outside position would be a great deal more uncomfortable than that envisaged by Churchill.

Instead of sharing the "joys and hopes" of the champions, Britain could well be toiling in the second division – a somewhat shabby, soft-currency cousin ploughing a low productivity furrow ever further away from the EC centre. Britain's economic output per head has already fallen by about 20 per cent compared with the 12-nation EC average during the last 30 years. Now the long, slow decline looks likely to continue.

Is this view a caricature? Not according to Mr Ron Garrick, chief executive of Weir Group, the Glasgow-based engineering concern, one of the few UK companies in this sector successfully to have steamed through the shocks of the recession. "We'd better get started pretty damn quick. Otherwise we'll be a third-world nation next to a first-rate European economy."

Mr Garrick calls on the government to use the current phase of policy reappraisal to give more support to manufacturing industry – not through "interference" but through practical measures such as help in export credits or research and development. "If we keep on like this we will not be in the slow lane of Europe. We'll be stationary – on the east European fringes."

Lower interest rates 'will stop a lot of suicides. Many people were in real trouble'

Mr Garrick says his company managed to "compete with the Germans" with sterling pegged at the former central rate in the exchange rate mechanism of DM2.95. Although Weir has been given a competitive boost by sterling's devaluation, Mr Garrick believes UK inflation could, before long, be "out of step" with inflation rates in the rest of Europe.

Almost inevitably, British people will become poorer compared with the French and the Germans, Mr Garrick says. "Successful economies see their currencies becoming worth more, not less. And they sit at the top of the pile in terms of spending power."

A slightly less gloomy view comes from Mr Wynne Godley, professor of applied economics at Cambridge University, who has given consistently accurate forecasts of the depth of the recession.

Although Mr Godley says he remains very pessimistic about the outlook for real recovery, he believes sterling's devaluation will put Britain in the fast lane of European growth in the next few years. This is because "the whole of Europe is locked into depression" as a result of the strictures of the exchange rate mechanism.

"We are clearly better off than we were a fortnight ago. One of the lunacies of the last year or two was when people said that a devaluation would lead to higher interest rates. That was absolutely wrong."

Consumers, house-owners and anyone involved in small business will benefit, Mr Godley predicts. Lower interest rates "will stop a lot of suicides. A large number of people were in real trouble. And it will lower unemployment. This will tend to make Britain a happier place."

Longer term, there are clearly worries about whether British consumers and industrialists will profit if the UK remains outside the mainstream of Europe. Mr Graham Mather, head of the European Policy Forum, a pro-European think-tank, sees some appeal in Britain's position as a cheap and relatively unregulated manufacturing base serving the European core. "Making Britain the Hong Kong of Europe could be a viable strategy. I can imagine Lord Young [the former industry secretary] selling it, seizing on the idea of 'free port Britain'. But somehow I don't sense the mood that our business leaders want to do this."

However powerful a formal European currency bloc might eventually become, employees in British banks and financial services could benefit if Britain remains outside. After sterling's ignominious withdrawal from the exchange rate mechanism, the City's idea that London could play host to the European central bank is no more than a pipe dream. But, says Mr Brendan Brown, head of research at Mitsubishi Finance in London, "there would be a competitive advantage in trading the money and instruments of the core group without being subject to the same restrictions".

Two parts of the economy which stand to prosper if sterling remains on the "soft" monetary periphery are tourism and retailing. Mr Michael Herbert, chief executive of the Tussauds group – part of the Pearson concern which publishes the FT – expects increased numbers of foreign visitors to the group's tourist attractions. He reacts strongly to the notion that Britain is set to become a sort of a weak-currency tourist supermarket.

"Tourism tends to be regarded as a poor sort of industry, when in fact it's one of Britain's most thriving sectors." British Aerospace used to be the biggest employer in the area around Kingston-upon-Thames, he says, whereas now it is the group's Chessington World of Adventures theme park. "I don't see swapping heavy industry for service industry is a bad thing."

The Harrods department store also sees a silver lining in the monetary fall-out. "Harrods has always been integrated with Europe," says Mr Michael Cole, Harrods' main press spokesman. The store's 700 tills at present accept only sterling and dollars. "But if the customers want us to take D-Marks, we will take them."

'It seems incredible that European leaders can't get closer together'

With 15 per cent of Harrods' merchandise bought from France, and 11 per cent from Italy, Chianti is likely to fall in price relative to Bordeaux, he says – and there are even prospects for cheaper pasta in the food hall.

Harrods' sales on Thursday were up 15 per cent compared with the same day last year. About 60 per cent of Harrods' clientele come from the "tiara triangle" within three miles of the store. But 10 per cent are from overseas visitors. "The public was stunned by what happened last week. But then it collected itself and decided that it [the fall of sterling] was not such a bad thing."

From what used to be the country's industrial heartland in north-west England, the Bishop of Manchester, as might be expected, has his eyes on loftier matters than the price of pasta. He said yesterday he welcomed anything – including a devaluation – which would improve the lot of "devastated" local manufacturers.But he added: "It seems incredible that European leaders can't get closer together." British "pride" was to blame for the government's failure to accept an earlier devaluation of sterling: "It was clear that we were overvalued."

As for Britain's prospective European relegation, the bishop said: "It is not inevitable. It needs imaginative leadership to keep Europe united, to keep the European movement going forward, and to maintain Britain at the heart of it, like John Major says."

After the events of the last 10 days, if Mr Major is to stop Britain's slow decent towards second class Euro-citizenship, he will need intervention considerably exceeding that furnished by the Bundesbank. A divine spark may be the prime minister's best hope.

Robert Thomson on Japan's latest political scandal

Godfather's dishonour

For the past month, the Japanese people have been treated to the unfolding drama of The Strange Case of Shin Kanemaru. The country's most powerful politician has publicly admitted that he violated a funding law, ignored prosecutors' requests to come in for questioning, and finally dispatched a written confession, confident that he could resume his political career.

Mr Kanemaru's case is indeed bizarre, but it highlights many aspects of Japanese political life that are in need of reform. Fellow members of the ruling Liberal Democratic party seem to think that the godfather, as Mr Kanemaru is known, has done no wrong – one of his faction members even suggested that he had been "manly and honourable".

The Japanese public, however, appears disgusted by the affair, which reached a climax yesterday when Mr Kanemaru formally admitted his guilt in a statement to the prosecutors. The statement was prepared in the comfort of his own home, and it remains unclear when he will finally emerge to answer, in his Marlon Brando-like mumble, questions from the several dozen journalists camped outside his front door.

One reason for the public's anger is the meagre fine that Mr Kanemaru will receive for having accepted Y500m (£2.4m) in political donations from a scandal-tainted parcel delivery company called Tokyo Sagawa Kyubin. Under Japanese law, Mr Kanemaru should receive no more than Y1.5m annually from one company, and the maximum penalty for exceeding that amount is only Y200,000.

This figure, as the ordinary Japanese well know, is exactly the same amount as the congested country's most serious parking fine, imposed for leaving a car overnight in a no-parking area. And it is clear to all – except, it seems, to LDP members – that Mr Kanemaru has done more than leave his car in a loading zone.

Before submitting his confession, Mr Kanemaru apparently received an assurance from the prosecutors that his case would be dealt with summarily, meaning that he would neither have to face the ignominy of a court appearance nor even have to appear in the prosecutors' office. He will simply be sent the political equivalent of a parking ticket.

At the same time, two former executives of the parcel delivery company are on trial for breach of corporate trust, and a provincial governor who has just resigned faces a public hearing for having received Y100m in political donations. It is no wonder that a television commentator reached for his copy of Japan's constitution, and read aloud, with appropriate irony, the section that states "all are equal before the law".

Will this gnashing of teeth on television make any difference to a political system that produces a scandal a year and a powerless prime minister every two years?

In the past, prime ministers and ministers have resigned in disgrace but have retained control over their factions. Mr Kanemaru is likely to return. The son of a sake brewer, he holds no official title but claims to have selected the present prime minister, Mr Kiichi Miyazawa, and to have been grooming the successors.

It must be noted that Mr Miyazawa has offered no comment on The Strange Case. The prime minister's consistent weakness in the face of more influential faction heads has disappointed most Japanese, who had perceived him as intelligent and thoughtful, and perhaps able to push the political system towards badly needed reform.

On taking office late last year, Mr Miyazawa promised that his first priority was to end the system of "money politics", by redrawing electoral boundaries and by making the life of a politician less expensive. But nothing has changed, and it is not in the interests of faction heads such as Mr Miyazawa and Mr Kanemaru to alter things in a way that would undermine their own prestige as patrons and "godfathers".

Meanwhile, Mr Kanemaru's fate has distracted the government from important international business. Mr Ichiro Ozawa, widely accepted as a likely prime minister, cancelled a trip to the US and Europe because of his duties as a "loyal lieutenant" to the godfather. Mr Michio Watanabe, the foreign minister, in New York this week for a United Nations meeting, has been concerned by events in Tokyo and by the desire to ensure that his turn at the top is not disrupted by the Tokyo Sagawa scandal.

Kanemaru: admitted guilt

Japanese politics is vulnerable to such episodes simply because careers are founded, cultivated and crowned by cash. Mr Kanemaru's standing was not built on ideological leadership or oratorical skills, but on a remarkable ability to raise funds. These funds are distributed to other faction members, who are then in debt to the godfather and ready to do his bidding when the time comes to select a new prime minister or to shuffle cabinet posts around the party.

If Mr Kanemaru's prestige is dented by this scandal, it will not be from the shame of getting caught, but through the reluctance of traditional corporate donors to do business with someone who has been publicly tarnished. At 78, he has talked of retiring. The events of the past month may speed that decision and create another diverting factional struggle. In the meantime, the strongest politician in a powerful country will remain at home, keeping fit by walking up and down stairs, amusing himself with mah-jong, the Chinese game of chance.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Conflicts of 1930s a lesson on need for European integration

From Mr Aubrey Jones.

Sir, Reasonably stable exchange rates are an essential complement to freedom of trade. For otherwise a country can dodge its obligation to keep open its frontiers to goods and services from elsewhere by depreciating the exchange value of its currency.

This lesson is evident from the events of the 1930s. The devaluation of the pound sterling to the tune of some 40 per cent in September 1931 was followed within a year by more than 40 countries; in 1933 by the US; and in 1936 by France, Holland and Switzerland.

In addition to this competitive depreciation of currencies, countries sought to fend off the consequent penetration of imports by raising tariffs or by imposing import quotas. As a result, the world-wide deflation was aggravated.

The European Community, the Single European Act and the Treaty of Maastricht have represented, as far as Europe is concerned, a progressive attempt to avert a relapse into the conflicts of the 1930s.

In the widespread recession (depression?) of the 1990s, that attempt has to be resumed.

Aubrey Jones,
"Arnen",
120 Limmer Lane,
Felpham,
Bognor Regis, West Sussex

Reassurance needed on accuracy of trade figures

From Mr John D Andrews.

Sir, In his interesting "Anatomy of the UK defeat" (Economic Viewpoint, September 24) Samuel Brittan states "...the Bundesbank economists have straightforward, unreconstructed mainstream views. They judge the sterling parity by the British trade figures..." For pretty well all my working life the published British trade figures have been so consistently dreadful that one wonders how on earth Britain, far from sinking without trace, manages to survive as a comparatively wealthy nation.

Since published trade figures appear to be taken at face value by people and institutions whose actions can be favourable or very damaging to the national interest it is obvious they should be compiled with the utmost accuracy and care.

I do not believe we can be entirely confident that this is the case and there seems to be a need for some public reassurance on the following matters:

(a) How are monthly trade figures compiled?
(b) Who prepares them and from what sources?
(c) What steps are taken to verify that the figures are accurate and complete?
(d) Are the figures compiled on a comparable basis and with a similar degree of accuracy to those of other countries, for example in the EC?

John D Andrews,
8 Murray Road,
Wimbledon,
London SW19 4PB

Looked at another way

From Mr Robert Apsion.

Sir, September 29 this year will be the last five-figure palindrome date in this millennium – 29.9.92. The next one will be January 10 2001, or 10.1.01.

There will be seven four-figure palindrome dates in Septembers, starting 3.9.93 and ending 9.9.99.

I thought you might like to know.

Robert Apsion,
17 Ganghill,
Guildford, Surrey GU1 1XE

Little difference in approach

From Mr Keith Horton.

Sir, I read with interest the letter from Mr Tetsuro Kikuchi (September 23) concerning the different approaches by Japanese companies to combating recession.

I feel that he has missed one vital and perhaps most important difference between the current recessions, both in the UK and Japan.

Here in the south-east region of the UK we have been in recession since late 1989 and the majority of companies have gone through the process of improving productivity, cutting costs, asking for increased government spending (which in the main has fallen on deaf ears) and we are now at the final stage of asking for the only option which is left open, that of the reduction in interest rates.

To conclude therefore, there is probably very little difference between the approach of Japanese and UK companies; it is just that the Japanese are some three years behind in the process.

Keith Horton,
Thames-Chiltern
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1 Prebendal Court,
Aylesbury,
Buckinghamshire HP19 3EY

Taxing, but intellectual too

From Mr S Mitha.

Sir, Your article, "Students say no to taxing careers with the Revenue" (September 22), highlighted the alleged unpopularity of the Tax Inspectorate as a graduate career. The reality is a little different.

In 1992 alone we have received over 5,500 applications from honours graduates for just 30 vacancies.

These applicants have realised that a career in the Tax Inspectorate offers what most graduates actually want: good training and career development, intellectual challenge, and progression on merit. All this in a dynamic culture.

S Mitha,
assistant director
(recruitment),
Inland Revenue,
22 Kingsway,
London WC2B 6NT

Misleading impression given of a little known country

From Mr Ion Florescu.

Sir, As the general manager of a consultancy which specialises in assisting and advising western firms doing business in Romania, and therefore a regular traveller to Bucharest, I was amazed and appalled by various inaccuracies in David Pilling's article, "In Ceausescu's broken footsteps" (September 19).

For example, it portrays Bucharest as a grim city in which "the Intercontinental Hotel has no coffee and many restaurants little or no food".

I returned from Bucharest on the day the article appeared, having spent three evenings entertaining British and German clients involved in a Romanian petrochemicals modernisation project.

As usual, the food of the countless privately owned restaurants which have opened over the last two years in Bucharest was most agreeable and the atmosphere pleasant. Although the quality of food in Bucharest's restaurants is in itself of little import to the prospects of British business in the region, the article's inaccuracies are damaging as they create a misleading impression of a country which is still little known to the outside world.

Perhaps Mr Pilling's puzzling experiences are best explained by his own admission that his travel companion on his trip was a "guide book from pre-revolution days".

This is presumably not the best source of information on a city where the atmosphere, restaurants and the entertainment have changed immensely since the grim days of Ceausescu.

Ion Florescu,
Industrial Finance Reconstruction Corp,
1 Paternoster Row,
St Pauls,
London EC4M 7DH

Far-reaching consequences of paying promptly

From Mr Martin Simons.

Sir, Delayed payment by companies for goods and services beyond agreed terms is becoming endemic in the UK. This is causing avoidable business failures, especially among smaller companies. Under the present system, which harks back to the 19th century, payment is normally expected once per month and agreed credit periods vary between 20 days and 60 days, but in reality they have become much longer.

There have been extensive discussions about whether companies should be charged interest on overdue payments and how to speed up claims in the courts. But there is an alternative answer, and one which would have massive national advantages. This is to change settlement terms to standard payment 35 days after date of invoice – a practice similar to that in northern Europe – with, of course, continued prompt payments arrangements.

Settlement should be once per week, or four times per month (in practice, simple), with some invoices paid within 32 days and some within 38 days. Advantages would be a steadier flow of funds and more effective, and more prompt, credit monitoring and control. Suppliers would more quickly be able to impose delivery "delays" on later payers – which would be more effective than attempting to apply sanctions when the amount at risk is at least equivalent to goods supplied in previous and current months. Any bad debts would be half those incurred under the present system. Banks would benefit from fewer business failures and should respond with reasonable transaction charges.

Ordering would become more even – eliminating the practice of small orders being placed when the credit period is at its shortest and large orders when at its longest. Suppliers would no longer have customers optimising the credit period and would be able to rationalise distribution. Safety and environmental advantages flowing from better transport arrangements are fully appreciated and supported by Sir John Cullen, chairman of the Health and Safety Commission.

A major UK manufacturer or professional organisation needs to take the lead in agreeing and speedily implementing a new system along these lines.

Martin Simons,
24 Granard Avenue,
London SW15 6HJ

Mowlem dives to £10m loss

By Paul Taylor

JOHN MOWLEM, the house-builder and contractor, plunged to a £9.9m pre-tax loss in the first half of 1992, partly reflecting a £2.5m operating deficit on London City Airport and a £3m provision for Canary Wharf, the insolvent Docklands office project.

The loss came on turnover of £669m, and compared with a pre-tax profit of £7m on sales of £697m. Losses per share were 9.2p (earnings 4.7p).

The interim dividend is cut by 65 per cent to 2p (5.65p). But the group emphasised that it remained in a sound financial position, with strong positive cash flows.

At the operating level there was a loss of £1.9m (profit £8.9m). The main businesses of contracting, housing, scaffolding and equipment hire in the UK all made profits although, with the exception of scaffolding, less than in either of the previous two half years.

Operating loss at London City Airport, in which Mowlem has a 90 per cent stake, had previously been covered by a £33m provision set up in 1989, but this was used up last year. Earlier this month Mowlem announced plans to sell part of its airport stake and Sir Philip Beck, chairman, said yesterday that there had been "a lot of interest" expressed.

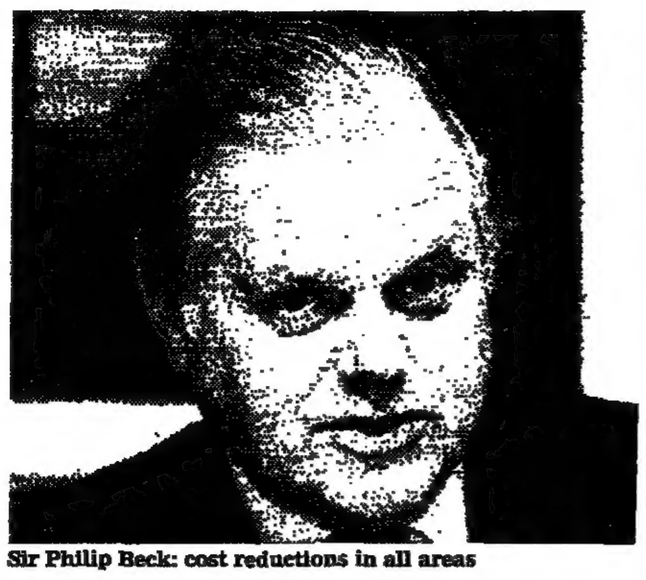
Commenting on the group's performance, Sir Philip said attention had been focused on cost reductions in all areas, the disposal of non-core assets and businesses, cash control within all companies and the maintenance of the strong and cash positive contracting business.

Cash flow was bolstered by sales of private houses, and the disposal of non-core businesses and property sales from the discontinued property development side raised £23m.

However, as a result of a short-term increase in borrowings, net interest charges rose to £5.1m (£1.9m).

Borrowings will be reduced by the $30m proceeds of the disposal of the North American scaffolding business, a sale which provides a premium to net asset value.

As part of this process of withdrawal from North America, Mowlem was also closing its Canadian operation which would result in an extraordinary loss. These decisions, together with costs and possible tax liability, would result in an extraordinary loss of £4.3m in the year's accounts.



Sir Philip Beck: cost reductions in all areas

● COMMENT

Mowlem has pulled out of commercial property, run down its housing landbank, quit North American scaffolding and is looking for a City Airport partner. The company says that the remaining core contracting business is performing well in terms of profits, cash generation and relatively well in orders won. End-year gearing likely to be closer to 30 per cent than 40 per cent. But most analysts are in the sceptical camp. Pre-tax losses could be £15m-£20m this year, and losses will continue at least in 1993 given the dearth of big projects. Further cuts in the core are likely so perhaps Mowlem should not be paying dividends out of reserves. It is no surprise the shares are trading just above their all-time low.

Shares rise to Molins' 'blissful' results

By Peggy Hollinger

SHARES in Molins jumped 18p to 319p in a falling market as the tobacco machinery manufacturer reported improved profits for the first half and increased the interim dividend by 50 per cent.

The pre-tax return was 6 per cent up at £7.2m (£6.8m), in spite of a slight decrease in sales from £75m to £73.5m. The dividend is raised from 3p to 4.5p on earnings per share 10 per cent ahead to 18p (16.4p).

Analysts hailed the results as "absolutely blissful" in a week which saw grim news from other engineers such as British Aerospace and Vickers. Forecasts were for a further advance in full-year profits to £16.5m, compared with £15.5m last year.

Mr Michael Orr, chairman, said he was optimistic about the group's prospects: "We feel better about the business today than we did a year ago." The absence of a hostile predator for the first time in more than four years had left the board time to concentrate on business development.

He gave a strong indication that the full year dividend would be higher than last year's 12.75p. He said Molins felt confident it "should be able" to pursue a progressive policy, adding the usual caveat that any pay-out would depend on actual profits.

The improved results were largely the result of a better return from the tobacco machinery operation. Trading profits increased by £800,000 to £6.8m on sales almost 2 per cent lower at £48m.

Strong demand in Brazil and China more than offset a downturn in the US, where Molins achieves some 40 per cent of machinery sales.

Mr Peter Greenwood, managing director, said the group enjoyed a strong position in the important Chinese market, which accounted for 30 per cent of the total world demand for cigarettes.

Packaging machinery suffered from exposure to the US. Operating profits fell 30 per cent to £700,000 on sales £1.1m lower at £24.4m. Increased competition was also having an effect on prices, although as the US market leader, Molins was less vulnerable than others to discounting.

Negotiations over Molins' pension fund surplus with independent trustees continued. The surplus had been estimated at about £90m, although under Inland Revenue rules, only about £38m would be available. Mr Hamish McPhee, finance director, said it was too early to estimate how much of the surplus the company would eventually receive.

Further cost-cutting at HTV as losses increase to £5m

By Raymond Snoddy

HTV GROUP has revealed details of a do-or-die £10m cost-cutting programme as the company announced an increased pre-tax loss of £5.03m for the six months to June, which was worse than expected.

The share price dropped from 41p to 37p.

Pressure is on the company, which has the independent television licence for Wales and the west of England, because from the beginning of next year it will start paying £20.5m a year plus 2 per cent of its advertising revenue to the Treasury under broadcasting legislation.

The programme will include a year-long pay freeze for all staff, a reduction in the actuarial costs of "luxurious" pensions and an end to special loyalty bonuses. A restructuring bringing together the separate Wales and west divisions is already under way.

The company is not declaring an interim dividend and the question of a final dividend will be reviewed in the light of autumn trading. Losses per share were 5.4p (3.2p).

Mr Louis Sherwood, chairman, conceded that the independence of the company was at stake unless the savings were made. "We are fiercely independent and we are going to do our best to remain independent."

He added that the company would continue to reduce expenditure next year "consistent with our licence obligations, in order to deliver to our shareholders a return to profits and dividends".

What Mr Sherwood described as "extremely disappointing results" were mainly the result of a sharp and unexpected decline in share of HTV's share of ITV advertising revenue from 6.2 per cent to 5.8 per cent.

There had been an improvement in operating losses to £2.09m (£2.69m) on lower turnover of £65.1m (£80.7m). Net interest charges were lower at £1.89m (£2.16m) but there was an exceptional charge of £1m covering restructuring and redundancy costs. Last year's interim pre-tax loss was £4.84m.

Mr Chris Rowlands, recently appointed group finance director, said that almost all the £10m planned savings had been identified.

Until recently HTV believed that the UK economy would improve after the general election. Now no end to the recession was in sight.

"It now seems to us prudent to plan on the assumption that these conditions will continue for an indefinite period," Mr Sherwood said.

The scale of the potential problem is shown by a review of advertising revenue commissioned from consultants Booz Allen. In its franchise bid HTV assumed 3.3 per cent growth in real annual advertising revenue throughout the 10 years of the franchise. Booz Allen has told HTV the growth is likely to be less than 2 per cent.

Central TV jumps to £15m

By Raymond Snoddy

CENTRAL Independent Television announced a sharp jump in pre-tax profits from £3.4m to £15.1m in the half year to June 30.

Mr Leslie Hill, the chairman and chief executive, attributed the higher-than-expected profits to continued pressure on costs combined with an increasing share of ITV advertising revenue.

Overheads were reduced by 8 per cent while expenditure on programmes increased by 15 per cent. Central's share of ITV advertising rose from 14.04 per cent to 14.83 per cent.

"Given our excellent first half result, we expect to have a successful year, despite the outlook for advertising revenue remaining uncertain", Mr Hill said.

Analysts expect Central to make pre-tax profits of about £41m for the full year, the last before the new ITV licences begin, when the Midlands ITV company will have to pay to the Treasury the money it bid for the new licence – £2,000 a year plus 11 per cent of its advertising revenue.

Unlike many ITV companies Central did not benefit from this year's reduction in the turnover-based Exchequer Levy from 10 per cent to 5 per cent. Its charge fell by only £200,000 because of a higher profits-based-levy charge.

Turnover rose to £159m (£140m) with advertising revenue contributing £118m (£102m). Earnings increased from 7.9p to 34.7p and the interim dividend is 10p (7.6p).

Central, which has children's programmes such as Woof, running on US television, said it planned to increase expenditure on developing programme pilots and new ideas. The aim was to keep Central's programme sales to the ITV network high when it becomes an open market next year.

"We intend to stick to our knitting," said Mr Hill in a reference to the company's intention to expand only within the television industry.

The Central chairman also renewed his appeal for the government to act on what the company believes are unfair takeover rules.

Central's share price closed 70p up at £14.45.

Fortnum & Mason profits little changed

By Walton Morais

PRE-TAX profits at Fortnum & Mason, the Piccadilly department store, remained virtually unchanged in adverse economic conditions.

Fortnum made pre-tax profits of £2.46m in the 76 weeks to July 11 1992, following a change of accounting period. In the 52 weeks to July, profits were down 0.5 per cent against £2.16m for the same period of 1990-91.

Mr Garry Weston, chairman, said this was a creditable result at a time of economic recession and reflected tighter management and cost controls.

Sales at the Piccadilly store rose 6 per cent in the 24 weeks to July, but this reflected adverse trading conditions in the same period last year during the Gulf War. Mr Weston said sales at the store over the 76 weeks and 52 weeks to July 1992 were down 1.5 per cent and 2 per cent over comparable periods the year before.

Total sales for 76 weeks were up £900,000 to £33.33m, boosted by a surge in exports in the early part of the period.

Earnings per share for the 76 weeks were 383p (311p for previous 52 weeks). A third interim of 12p was declared making a total of 108p (90p).

Wembley advances to £2.5m

By Richard Gourlay

WEMBLEY, the leisure group, reported a trebled increase in first half pre-tax profits but a reduced interim dividend as consumers continued to show a reluctance to spend.

Sir Brian Wolfson, chairman, said last April's optimism about 1992 was based on the assumption that this year would be no worse than last. However takings per head and attendances were both down and operating profit margins fell for the group as a whole.

Pre-tax profits rose from £709,000 to £2.5m on sales up 17 per cent at £96.8m (£82.9m) in the six months to June 30. Earnings per share rose from 0.16p to 0.27p after allowing for the January rights issue that raised £37m.

Wembley is not anticipating an early improvement in the economy, despite recent renewed hopes of lower interest rates. "The economy will stay flat this year," said Sir Brian. "We are going further than this and assuming that

this (level of economic activity) is the new reality."

As a result, Wembley is proposing to cut the interim dividend from 0.9p to 0.2p. The shares closed down 4p at 21p.

Asset sales cut gearing to 60 per cent from about 75 per cent after the rights issue. However, Wembley showed a £1.4m extraordinary item mainly relating to goodwill written off on purchase of the Hong Kong night club which the group has now sold.

Operationally, UK trading improved with margins increasing at the Wembley Stadium complex following cost cutting.

National Leisure Catering and Keith Prowse tickets had a much stronger first half. The Ticketing Group joint venture with Expedier Leisure was hit by lower attendances at West End theatres.

The US had a poorer year because of the translation of dollar earnings into sterling and a turn down in betting at greyhound tracks.

Unilever expansion in eastern Europe

By Ariane Genillard in Prague

UNILEVER, the Anglo-Dutch food and consumer products group, is expanding its presence in eastern Europe with the acquisition of Povltavska Tukova Zavody (PTZ), a Czech state-owned producer of edible oils, fats, toilet soap and skin cream.

Unilever will pay more than $10m (£5.8m) for 100 per cent of PTZ, which had sales in excess of $20m last year. Unilever has also agreed to invest $15m over two years to modernise the Czech plant, which will produce a range of Unilever's international brands.

The acquisition will strengthen Unilever's position in the Czechoslovak consumer goods market, where its is competing with Proctor & Gamble of the US and Henkel of Germany. Both of these companies recently formed joint ventures in the country to sell locally-produced and imported products.

Mr Hans Eggerstedt, Unilever's commercial director, said the company would continue to invest in eastern Europe and hoped to have sales of £700m in the region by 1997.

Unilever last year paid $20m for a detergent factory in Poland, in which it will invest a further $34m. Earlier this year it bought an ice-cream maker in Hungary and plans to acquire a second plant, making edible oils, together with Ferruzzi of Italy.

"Our aim is to target the national markets. We are not here to simply create a low-cost manufacturing base and re-export to the European community" Mr Eggerstedt said.

Financial restructuring at Fitch

By Paul Taylor

BRAND TRUST, a company controlled by two French former advertising agency executives and Sir Terence Conran, founder of the Habitat group and retired chairman of Storehouse, plans to provide £2.5m in new capital for Fitch, the lossmaking design consultant, in return for a 60 per cent equity stake in the restructured group.

The capital injection is part of a financial reconstruction. Share trading in Fitch, which ran into problems partly because of high interest costs on property-related borrowings, was suspended in July at 41p pending the outcome of talks with its bankers on a refinancing package.

Brand Trust is controlled by Mr Jean-Francois Bentz, former head of design at Roux, Séguéla, Cayzac et Goudard (RSCG), one of the largest French advertising groups, and Mr Bernard Roux, former RSCG president.

Brand Trust and Sir Terence will pay 11.7p per share for a total of 21.35m new shares. Brand Trust will have 35 per cent of the enlarged share capital and Sir Terence 25 per cent. Existing ordinary shareholders will see their stake diluted from 86.85 per cent to 18.9 per cent, while convertible preference shareholders, who currently would hold 13.15 per cent of the equity on conversion, will have their stock converted on enhanced terms into an 11.1 per cent equity stake.

If Fitch's existing shareholders agree the restructuring at an extraordinary meeting on October 19, Mr Bentz will become its European chief executive, and Mr Roux and Sir Terence will join the board as non-executive directors.

As part of the financial reconstruction Fitch's principal banker, National Westminster, has agreed to restructure its borrowings. The company has also reached agreement with its landlords and will sell Fitch Benoy, an architectural practice based in Newark, to its managing director, Mr Fitch said yesterday.

Separately, Fitch reported increased pre-tax losses of £1.81m (£675,000), including £1.72m (£752,000) in exceptional charges, for the six months to June 30. Losses per share were 31.9p (14.2p).

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres-ponding dividend	Total for year	Total last year
Ardagh ....fin	2.39♣	Nov 21	2.275	3.115	3
Central Indep TV ....int	10	Nov 20	7.6	-	30.5
F&C Pacific ....int	0.75	Nov 2	0.75	-	1.75
Fortnum & Mason ....fin	12	Dec 31	84	108☆	90
Garton Engrg ....int	1	Dec 1	1.75	-	7
Headway ....fin	0.7†	Nov 6	0.7	0.7	0.7‡‡
Honeysuckle § ....fin	1	-	1	1	1
HTV ....int	nil	-	1.5	-	3.75
Molins ....int	4.5‡	Oct 30	3	-	12.75
Mowlem (John) ....int	2	Dec 31	5.65	-	10.5
Multitrust ....fin	1	Nov 20	2	2.5	2
Sheldon Jones § ....fin	nil	-	1.21	nil	2.56
Waterman Partner....fin	0.5	Oct 30	1	1	2
Wembley ....int	0.2†	Nov 30	0.9	-	1.8

Dividends shown pence per share net except where otherwise stated. †On increased capital. §USM stock. ‡Increased to reduce disparity. ‡‡For 15 months. ☆For 76 weeks. ♣Irish currency.

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Am'nt Paid up	Latest Renunc. Date	1992 High	1992 Low	Stock	Closing Price p	+or -	Net Div.	Times Cov'd	Gross Yield	P/E Ratio
100	F.P.	–	99	90	Birkby	94		L5.25	–	7.4	–
100	F.P.	–	118	95	Broadgate Inv Trust	95		–	–	–	–
–	F.P.	–	33	30	Do. Warrants	33		–	–	–	–
–	F.P.	–	13	7	Dartmoor Warrants	12		–	–	–	–
–	F.P.	–	32	19	Dwyer A	19		–	–	–	–
–	F.P.	–	91	79	European Smaller Co's	82	+1	–	–	–	–
–	F.P.	–	23	18	Do. Warrants	19		–	–	–	–
–	F.P.	–	150	145	Finsbury Smlr Co's Zero Pf	149½	+½	–	–	–	–
♠	F.P.	–	495	490	SHIRESCOT	495		–	–	–	–
■	F.P.	–	1700	1700	TR Technology Units	1700		30.15	–	2.4	–
–	F.P.	–	14	10	Throg 1000 Smlr Co's Wts	13	+1	–	–	–	–
–	F.P.	–	16	12	Yorkshire TV Warrants	13		–	–	–	–

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1992 High	1992 Low	Stock	Closing Price £	+ or -
100p	F.P.	-	110p	105½p	Fulcrum Inv Tst Zero Div Pf	107½p	-½

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1992 High	1992 Low	Stock	Closing Price p	+ or -
27	Nil	12/11	8pm	4½pm	Aviva Petroleum	5pm	
115	Nil	22/10	2pm	½pm	Bibby	½pm	
5	Nil	5/10	1pm	1pm	‡Embassy Property	1pm	

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. q Earnings based on preliminary figures. e Forecast or estimated annualised dividend rate, cover based on previous year's earnings. x Ex-dividend. F Dividend and yield based on prospectus or other official estimates for 1992-93. H Dividend and yield based on prospectus or other official estimates for 1991. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ‡ Issued by way of capitalisation. † Introduction. § Placing price. †† Reintroduction. ♦ Unlisted securities market. ‡ Issued in connection with reorganisation, merger or takeover. pm Price at a premium. ■ Units comprising 4 Ords. and 7 Zero Div. Prefs. and 4 Stepped Pref. shares. ♠ Units comprising 5 Ords. and 1 Warrant.

TRADITIONAL OPTIONS

● First Dealings Sept. 14
● Last Dealings Sept. 25
● Last Declarations Dec. 10
● For settlement Dec. 21

3-month call rate indications are shown on page 11.

Calls in Acorn Computer, BTR warrants '93/94 and Regalian Props. Puts in Cannon Street Invs. and Kalon.

NEWS DIGEST

Donelon Tyson lower at £1.02m

DONELON TYSON, the Cheshire-based construction group, suffered a 30 per cent fall in interim pre-tax profits. The company described it as a resilient performance in the face of the most hostile market conditions in living memory.

On prospects for the rest of the year the company said that the qualified optimism expressed on the expected post election recovery had not materialised and volumes for the full year would be below those of 1991.

In the six months to June 30 pre-tax profits were £1.02m (£1.45m) on turnover of £30.9m (£42.1m). Earnings per share were 1.59p (2.09p).

25% dividend rise from Multitrust

Multitrust, the property and securities company, lifted its pre-tax profit from £70,000 to £105,000 in the year to June 30.

This time so earnings per share declined to 1.5p (1.61p). But a final dividend of 1p raises the total to 2.5p (2p), at a cost of £40,000 (£24,000) after Mr Andrew Perloff, the chairman, waived entitlement on 63 per cent of the capital.

There were £16,000 exceptional costs in connection with the acquisition of equities and investment properties.

Over the 12 months to June 30 net asset value declined from 41.9p to 33.2p.

First half profits warning at Leigh

Shares in Leigh Interests, the waste management group, fell 51p to 175p yesterday after a warning that profits for the first half to September 30 would be significantly below the corresponding £7.1m.

Mr Malcolm Wood, chairman, said that turnover had been held back by depressed activity in the nationwide market for contaminated land reclamation contracts and there had been delays in completing the commissioning of the new facilities at Four Ashes, Wolverhampton.

However, he expected that during the second half Four Ashes would be profitable and results for the period would be "significantly in excess of the first half".

Losses deepen at Clayform Properties

Trading in both its business sectors, property and shoe retailing, continued to be "disappointing" for Clayform Properties, where the pre-tax loss for the six months to June 30 increased from £6.6m to £10.9m.

In addition to realised losses of £700,000 on its development portfolio, Mr Michael Wigley, the chairman, said that further provisions of £3.2m had been made to reflect current values.

Lack of consumer spending resulted in a greater than budgeted operating loss of £3.5m (£2.7m) at Stead & Simpson.

Group operating losses were £3.9m (£1.1m profits). Losses per share worked through at 31.3p (7.5p).

Interim reduced by Garton Engineering

In view of reduced half-time profits, the length of the recession and lack of positive signs of improvement, Garton Engineering is cutting its interim dividend from 1.75p to 1p.

In the period to June 30 turnover was £10.6m (£10.3m). But the pre-tax profit fell from £151,000 to £37,000 after interest charges reduced from £110,000 to £16,000. Earnings per share came to 0.63p (2.78p).

The result continued to recognise the consequential loss claim following the fire in December 1990.

Sheldon Jones loss deepens to £885,000

At the operating level second half profits from Sheldon Jones showed a significant recovery. But exceptional charges and interest payments pushed up the year's loss from £221,000 to £885,000.

With losses per share at 14.79p (0.89p) for the year to June 30 the dividend is being passed. Previously there was an interim of 1.35p followed by a final of 1.21p.

Turnover of the USM-quoted group, which makes pet foods and distributes garden and timber products, came to £16.4m (£15.3m) but generated an operating deficit of £42,000 (profit £354,000).

There were exceptionals of £345,000 (£75,000) for further reorganisation, and £97,000 for prior year items. Interest took £411,000 (£400,000).

Reduced interest boosts Honeysuckle

As well as showing a significant increase in results for 1991-92, the Honeysuckle Group, USM-quoted ladies' fashion manufacturing group is forecasting improved turnover and profits in the current year.

In the year ended May 31 1992 turnover fell to £13.8m (£18.7m). After lower costs the operating surplus came to £684,000 (£666,000), and a reduction from £635,000 to £210,000 in interest payable pushed up the pre-tax profit from £275,000 to £720,000.

Earnings per share were 6.3p (2p) and the dividend is held at 1p.

Subsequent to the year-end Level 2, the woven garment subsidiary, had been closed and losses of £339,000 had been provided via an extraordinary charge.

McLaughlin & Harvey cuts losses

Reduced pre-tax losses of £306,000 were announced by McLaughlin & Harvey, the construction group, for the half year to June 30. Losses last time amounted to £4.89m.

Turnover fell from £55.9m to £31.4m and the pre-tax result was after an exceptional credit of £491,000 (£4.05m debit) comprising a property disposal profit less write-down of construction work in progress, bad debts, reorganisation and redundancy costs.

Losses per share fell from 75.5p to 5.5p and again there is no interim dividend.

Interest cuts and gains save Headway

Headway turned in a pre-tax profit of £637,000 for the year ended June 30, compared with £606,000 for the previous 15 months.

The group, which makes garden furniture and sofa beds, partially offset the effects of recession by cutting operating costs, containing capital expenditure, reducing stocks and conserving cash.

Disposals reduced borrowings. Following the rights issue last September gearing had been cut from 83 per cent to 6 per cent.

Turnover came to £28.3m (£40.7m for 15 months). Net interest was £568,000 (£1.24m) and there were exceptional credits of £365,000.

Earnings per share worked through at 4.1p (4.3p for the period) and the dividend is again 0.7p on higher capital.

Waterman halves dividend to 1p

The increasingly rapid decline in the property and construction markets led to Waterman Partnership making a loss of £2.72m in the year ended June 30, against a profit of £113,000.

However, this group of consulting engineers continued to generate cash, and is recommending a final dividend of 0.5p, which halves the year's total to 1p, from losses per share of 10.6p (earnings 0.2p).

Turnover fell from £11.09 to £8.26m and there was an operating loss of £1.21m (profit £466,000). There was an exceptional charge of £1.73m (£609,000) mainly for bad debts and long term contracts.

Second payment for B&C creditors

Creditors of British & Commonwealth Holdings, the financial services group which collapsed in June 1990 with debts of about £1bn after heavy losses by its leasing subsidiary, Atlantic Computers, are to be given a second payment.

B&C Holdings' creditors will each receive a payment of 110m, amounting to 5p in the pound, bringing the total they have received so far to 10p in the pound.

Creditors of B&C Group Finance, who were paid 14p earlier in the year, are also to receive a further payment in early October, though the administrators have not said how much it will be.

Both groups have fared badly compared with the creditors of British & Commonwealth Merchant Bank who have now been paid a total of 78p in the pound.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for trading on 26.9.92: Pool purchase price £/MWh	Final Prices for Trading on 25.9.92: Pool purchase price £/MWh	Final Prices for Trading on 25.9.92: Pool selling price £/MWh
0030	20.28	20.07	22.49
0100	20.28	20.01	22.43
0130	20.28	17.76	20.09
0200	20.28	17.76	20.09
0230	20.28	17.76	17.76
0300	20.28	17.76	17.76
0330	20.28	17.76	17.76
0400	17.60	17.76	17.76
0430	20.28	17.76	17.76
0500	17.58	17.76	17.76
0530	20.15	17.76	17.76
0600	20.15	17.76	17.76
0630	20.15	17.76	17.76
0700	20.15	17.70	17.70
0730	21.39	21.10	23.71
0800	23.43	22.98	25.81
0830	24.71	24.16	26.79
0900	24.71	24.27	26.86
0930	26.00	27.56	30.29
1000	26.00	27.56	30.27
1030	26.00	27.56	30.21
1100	26.00	27.56	30.16
1130	25.07	27.66	30.17
1200	24.71	27.56	30.16
1230	24.71	24.27	26.79
1300	24.71	24.27	26.80
1330	24.71	24.27	26.81
1400	18.06	22.98	25.49
1430	17.71	22.31	24.80
1500	17.71	22.31	24.81
1530	17.70	17.80	17.80
1600	17.71	17.80	17.80
1630	17.71	21.10	23.58
1700	17.72	22.98	25.49
1730	24.71	28.03	30.68
1800	24.71	28.03	30.69
1830	24.71	28.03	30.71
1900	27.43	22.95	25.49
1930	26.00	22.98	25.49
2000	26.00	22.31	24.80
2030	26.00	28.01	30.68
2100	27.43	28.01	30.64
2130	24.71	28.01	30.62
2200	23.43	28.01	30.64
2230	23.43	23.05	25.54
2300	21.58	22.31	24.80
2330	20.45	17.78	17.78
2400	20.45	17.78	17.78

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.50/MWh becomes 1.650p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreement which governs the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by NGC Settlements Limited. Anyone wishing to receive such information should telephone 0602-456789 between 8.30am and 4.15pm Monday to Friday.

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ECONOMIC DIARY

TODAY: Final round of Nigerian presidential primaries.

TOMORROW: Romanian elections. Referendum in Switzerland on whether to drill two rail tunnels under the Alps. A commission representing all the parties in Afghanistan's ruling coalition is expected to meet in Kabul.

MONDAY: Engineering sales and orders at current and constant prices (July). European Community economy and finance ministers meet in Brusssels. Start of two-day meeting of the European Community agriculture council in Cambridge. Labour Party annual conference opens in Blackpool (until October 2). Financial Times Conferences holds two-day conference "Retailing in the 1990s – Responding to the challenge of change" at the Hotel Inter-Continental in London.

TUESDAY: London sterling certificates of deposit (August). Monetary statistics (including bank and building society balance sheets) (August). Bill turnover statistics (August). Sterling commercial paper (August). Money market statistics (August). Personal income, expenditure and saving (second quarter). Major British banking groups quarterly analysis of bank lending (June-August). Industrial and commercial companies (second quarter). US leading indicators (August). Ukrainian parliament resumes; government is expected to present its economic programme.

WEDNESDAY: New vehicle registrations (August). Training statistics 1992. US new home sales (August). ITV publishes its strategy for the future. New smaller, lighter 10p coin introduced.

THURSDAY: Russian government, launching biggest ever privatisation programme, begins issuing share vouchers. US jobless claims; NAPM (September). Bundesbank council meeting. Final results from Amstrad.

FRIDAY: UK official reserves (September).

FT-ACTUARIES SHARE INDICES

EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section

	Equity groups & sub-sections	Friday September 25 1992 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%))	Est. P/E Ratio (Net)	xd adj. 1992 to date	Thu Sep 24 Index No.	Wed Sep 23 Index No.	Tue Sep 22 Index No.	Year ago (approx) Index No.	1992 High		1992 Low		Since Compilation High		Since Compilation Low	
1	CAPITAL GOODS (175)	776.84	-0.4	7.46	5.64	17.31	26.19	779.69	766.34	778.22	856.21	929.04	20/5	664.23	9/9	1038.07	16/7/87	50.71	13/12/74
2	Building Materials (23)	757.21	-1.6	6.95	7.26	19.95	30.02	769.83	764.14	766.48	1061.35	1121.52	11/5	617.65	9/9	1381.08	16/7/87	44.27	11/12/74
3	Contracting, Construction (27)	629.03	+0.3	3.10	8.20	356.84	29.27	627.09	623.29	612.27	1166.69	1069.64	11/5	485.72	9/9	1951.50	16/7/87	71.48	2/12/74
4	Electricals (9)	2171.82	-0.9	7.74	6.93	17.09	85.80	2192.08	2189.22	2187.06	2652.02	2758.50	22/5	1899.78	16/9	3040.80	8/9/89	84.71	25/6/62
5	Electronics (27)	2054.38	+1.0	7.87	4.20	15.86	47.93	2034.81	1988.65	2027.12	1795.58	2080.64	13/5	1655.93	13/1	2308.22	19/5/89	1229.01	8/10/85
6	Engineering-Aerospace (6)	280.36	-0.2	12.86	8.32	9.87	13.53	280.81	277.39	314.39	376.82	406.10	20/5	277.39	23/9	502.42	13/6/90	277.39	23/9/92
7	Engineering-General (43)	472.14	+0.1	8.57	4.96	14.88	14.37	471.47	469.97	472.16	495.72	567.62	20/5	409.31	9/9	567.62	20/5/92	339.57	23/1/91
8	Metals and Metal Forming (7)	315.68	-0.1	5.50	6.93	26.41	7.52	316.07	317.73	324.97	466.44	379.31	18/5	255.51	8/9	996.67	9/10/87	49.65	6/1/75
9	Motors (14)	313.75	-0.3	8.45	7.53	15.58	14.69	314.78	314.27	326.75	355.29	403.06	21/5	274.42	1/9	411.42	13/10/87	19.91	6/1/75
10	Other Industrial Materials (19)	1799.64	-0.7	6.97	4.63	17.33	57.80	1813.03	1756.28	1768.88	1635.48	1906.65	11/5	1480.17	9/9	1906.65	11/5/92	277.55	15/1/81
21	CONSUMER GROUP (191)	1611.20	-1.1	7.16	3.60	17.29	32.79	1628.71	1615.32	1618.94	1544.24	1761.38	11/5	1446.17	25/8	1761.38	11/5/92	61.41	13/12/74
22	Brewers and Distillers (25)	2031.77	-2.3	8.20	3.62	14.70	41.39	2080.53	2076.22	2013.29	1935.56	2278.85	11/5	1825.24	28/8	2278.85	11/5/92	69.47	13/12/74
25	Food Manufacturing (19)	1202.57	-0.1	8.91	4.40	13.87	28.04	1203.74	1183.75	1184.20	1221.05	1327.80	11/5	1064.95	10/9	1327.80	11/5/92	59.67	11/12/74
26	Food Retailing (18)	2693.39	+0.3	9.20	3.43	14.10	48.07	2684.09	2667.53	2682.22	2475.54	2998.16	18/5	2293.80	10/1	2998.16	18/5/92	54.25	11/12/74
27	Health and Household (25)	4079.76	-1.3	5.43	2.71	21.36	68.85	4134.10	4194.56	4306.79	3667.48	4654.94	14/1	3648.63	26/8	4654.94	14/1/92	175.38	28/5/80
29	Hotels and Leisure (18)	1083.62	-1.0	7.43	6.32	17.58	38.53	1094.64	1053.53	1055.19	1336.97	1450.36	13/5	898.80	16/9	1845.77	8/9/89	54.83	9/1/75
30	Media (26)	1642.36	+0.1	6.02	3.21	20.73	32.89	1640.78	1595.50	1604.12	1556.02	1721.09	11/5	1376.55	25/8	1721.09	11/5/92	1166.91	16/1/91
31	Packaging, Paper & Printing (17)	735.55	-0.2	6.90	4.40	18.05	22.00	737.26	727.80	728.18	772.27	875.53	13/5	633.17	16/9	875.53	13/5/92	43.46	6/1/75
34	Stores (34)	1046.48	-1.7	6.79	3.59	19.62	18.84	1064.37	1036.29	1035.02	989.60	1135.66	27/4	907.08	25/8	1160.58	29/7/87	52.63	6/1/75
35	Textiles (9)	686.08	....	6.87	4.47	18.32	16.42	685.90	670.21	662.97	629.08	756.70	8/5	551.94	25/8	914.52	2/10/87	62.66	11/12/74
40	OTHER GROUPS (117)	1298.26	-0.5	9.63	5.23	12.99	39.94	1305.19	1282.35	1281.88	1295.68	1359.32	11/5	1140.56	3/4	1359.32	11/5/92	58.63	6/1/75
41	Business Services (17)	1373.50	+0.5	6.53	3.84	18.79	23.67	1366.14	1343.68	1342.78	1400.24	1511.16	11/5	1160.34	1/9	1511.16	11/5/92	892.28	1/2/91
42	Chemicals (22)	1437.62	-1.0	6.82	5.05	18.20	48.13	1451.62	1432.55	1431.85	1468.22	1629.99	8/5	1243.05	1/9	1629.99	8/5/92	71.20	1/12/74
43	Conglomerates (10)	1284.68	-2.0	8.98	8.56	14.26	38.55	1311.42	1273.87	1289.02	1547.50	1509.94	11/5	1087.92	2/9	1819.46	11/8/89	975.19	10/11/87
44	Transport (14)	2531.01	+1.2	7.94	4.67	15.49	74.86	2500.07	2449.85	2468.31	2383.46	2790.11	20/5	2133.26	26/8	2790.11	20/5/92	90.80	29/6/62
45	Electricity (16)	1375.29	+0.9	15.12	5.33	8.52	55.01	1362.49	1347.53	1330.09	1268.72	1415.24	11/9	1044.63	7/4	1415.24	11/9/92	994.96	7/1/91
46	Telephone Networks (4)	1447.85	-2.0	10.44	4.56	12.49	46.15	1476.94	1464.54	1471.97	1567.54	1505.86	22/5	1274.20	3/4	1658.67	2/10/91	517.92	30/11/84
47	Water (11)	2864.00	+1.0	15.64	6.04	7.08	86.85	2835.34	2786.24	2742.89	2405.09	2963.70	26/8	2140.95	8/4	2963.70	26/8/92	1820.20	1/5/90
48	Miscellaneous (23)	2228.58	-0.2	5.95	4.53	21.09	55.15	2233.69	2159.78	2148.84	1906.01	2233.69	24/9	1770.94	3/1	2233.69	24/9/92	60.39	6/7/75
49	INDUSTRIAL GROUP (483)	1303.01	-0.8	8.02	4.49	15.61	33.98	1313.18	1296.39	1301.17	1297.91	1427.97	11/5	1168.49	1/9	1427.97	11/5/92	59.01	13/12/74
51	Oil & Gas (17)	2045.29	....	6.60	6.35	19.86	84.69	2045.13	2023.58	2015.74	2411.06	2226.66	2/1	1756.72	7/8	2528.70	3/8/90	87.23	29/5/62
59	500 SHARE INDEX (500)	1372.76	-0.7	7.88	4.68	15.96	37.99	1382.37	1365.01	1368.98	1393.95	1493.99	11/5	1228.86	26/8	1493.99	11/5/92	63.49	13/12/74
61	FINANCIAL GROUP (83)●	774.07	+0.7	–	5.70	–	29.00	769.00	749.29	742.77	830.63	802.65	20/5	631.13	25/8	896.67	13/10/87	55.88	13/12/74
62	Banks (9)●	1056.33	....	4.93	5.26	30.45	39.95	1056.15	1025.52	1020.47	968.81	1056.33	25/9	790.95	3/4	1056.33	25/9/92	62.44	12/12/74
65	Insurance (Life) (6)	1581.84	+0.6	–	5.74	–	66.22	1572.37	1532.01	1525.83	1586.78	1613.38	21/5	1243.61	6/4	1632.53	4/9/91	44.88	2/1/75
66	Insurance (Composite) (7)	547.98	+2.5	–	5.49	–	16.37	534.84	521.83	511.31	628.81	564.54	13/5	418.66	27/7	768.11	29/12/89	43.96	13/12/74
67	Insurance (Brokers) (10)	727.26	+6.4	9.82	7.73	13.36	39.90	683.82	694.48	698.16	1195.15	1031.36	27/1	527.43	25/8	1399.56	17/7/87	65.86	16/12/74
68	Merchant Banks (7)	475.00	+0.2	–	4.67	–	13.08	474.02	471.26	461.85	482.48	521.89	22/5	395.41	28/8	547.59	12/10/87	31.21	7/1/75
69	Property (30)	556.90	+0.4	10.14	8.00	13.08	22.28	554.82	532.44	521.31	966.27	799.69	20/1	464.71	16/9	1398.87	5/9/89	56.01	20/4/65
70	Other Financial (14)	244.57	+0.3	8.17	6.82	16.07	7.81	243.74	243.52	241.47	268.46	271.79	26/5	215.81	2/9	603.48	16/7/87	33.29	17/12/74
71	Investment Trusts (70)	1169.68	....	–	3.84	–	26.39	1169.58	1159.29	1148.84	1254.17	1273.08	11/5	1024.12	25/8	1323.81	4/1/90	71.12	13/12/74
99	ALL-SHARE INDEX (653)●	1228.23	-0.5	–	4.79	–	35.34	1234.41	1216.92	1218.28	1257.47	1326.36	11/5	1086.13	25/8	1326.36	11/5/92	61.92	13/12/74

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Sep 24	Sep 23	Sep 22	Sep 21	Sep 18	Year ago	1992 High		1992 Low		Since Compilation High		Since Compilation Low	
FT-SE 100 SHARE INDEX♦	2601.0	-20.2	2657.3	2601.0	2621.2	2580.5	2586.0	2560.1	2567.0	2599.0	2737.8	11/5	2281.0	25/8	2737.8	11/5/92	986.9	23/7/84

FIXED INTEREST

	PRICE INDICES	Fri Sep 25	Day's change %	Thu Sep 24	Accrued interest	xd adj. 1992 to date
	British Government					
1	Up to 5 years (22)	125.08	+0.07	125.01	2.34	9.04
2	5-15 years (25)	139.24	+0.01	139.30	1.70	10.59
3	Over 15 years (8)	145.32	-0.17	145.56	1.30	9.97
4	Irredeemables (6)	164.35	+0.20	164.02	3.28	8.83
5	All stocks (61)	136.73	+0.01	136.77	1.92	10.15
	Index-Linked					
6	Up to 5 years (2)	175.97	+0.25	175.53	0.41	5.25
7	Over 5 years (10)	156.48	+0.53	155.66	0.77	3.64
8	All stocks (12)	157.97	+0.49	157.20	0.72	3.56
9	Debs & Loans (62)	117.78	-0.30	118.13	2.00	9.13

	AVERAGE GROSS REDEMPTION YIELDS		Fri Sep 25	Thu Sep 24	Year ago (approx.)	1992 High		1992 Low	
	British Government								
1	Low	5 years	7.92	7.94	8.59	10.03	15/9	7.91	1/6
2	Coupons	15 years	8.71	8.70	9.36	9.72	1/4	8.63	14/9
3	(0%-7¾%)	20 years	8.93	8.92	9.36	9.72	1/4	8.63	14/9
4	Medium	5 years	8.57	8.57	9.64	10.28	1/4	8.57	25/9
5	Coupons	15 years	9.17	9.15	9.51	9.82	1/4	8.84	1/6
6	(8%-10¾%)	20 years	9.28	9.24	9.46	9.76	1/4	8.76	14/9
7	High	5 years	8.86	8.87	9.85	10.50	1/4	8.86	25/9
8	Coupons	15 years	9.38	9.35	9.59	9.96	1/4	9.00	22/5
9	(11%-)	20 years	9.42	9.38	9.51	9.86	1/4	8.94	14/9
10	Irredeemables†		9.37	9.38	9.57	9.92	2/4	8.65	14/9
	Index-Linked								
11	Inflation rate 5%	Up to 5yrs.	3.56	3.61	3.76	5.06	16/9	3.92	4/3
12	Inflation rate 5%	Over 5 yrs.	4.18	4.21	4.21	4.76	16/9	4.18	25/9
13	Inflation rate 10%	Up to 5 yrs.	2.78	2.82	3.15	4.23	16/9	2.78	25/9
14	Inflation rate 10%	Over 5 yrs.	3.99	4.02	4.03	4.56	16/9	3.99	25/9
15	Debs &	5 years	10.00	9.98	11.21	11.51	6/4	9.98	24/9
16	Loans	15 years	10.51	10.47	10.98	11.22	6/4	10.07	1/6
17		25 years	10.54	10.49	10.80	11.02	6/4	9.98	1/6

♦Opening Index 2656.8; 9 am 2634.3; 10 am 2617.6; 11 am 2605.7; Noon 2614.5; 1 pm 2618.1; 2 pm 2610.5; 2.30 pm 2609.0; 3 pm 2606.8; 4.10 pm 2604.8; (a) 8.33am (b) 4.29pm

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Business Services	31/12/90	999.65	Telephone Networks	30/11/84	517.92	Food Manufacturing	29/12/67	114.13
Electricity	31/12/90	999.65	Electronics	30/12/83	1646.65	Food Retailing	29/12/67	114.13
Media	31/12/90	1228.68	Other Industrial Materials	31/12/80	287.41	Insurance Brokers	29/12/67	96.67
Engineering - Aerospace	29/12/89	486.00	Health/Household Products	30/12/77	261.77	All Other	10/4/62	100.00
Engineering - General	29/12/89	486.00	Other Groups	31/12/74	63.75	British Government	31/12/75	100.00
Water	29/12/89	1968.45	Industrial Group	31/12/70	128.20	Do. Index-linked	30/4/82	100.00
Conglomerates	31/12/86	1114.07	Other Financial	31/12/70	128.06	Debs & Loans	31/12/77	100.00

† Flat yield. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London, SE1 9HL. Tel: 071-873 4613. ●The HSBC dividend is not subject to Advance Corporation Tax at 25%.

LIFFE EQUITY OPTIONS

Option		Calls Oct	Calls Jan	Calls Apr	Puts Oct	Puts Jan	Puts Apr
Allied Lyons (*609)	550	12	88	90	3	9	13
	600	28	45	57	14	25	[illegible]
	650	7	22	32	40	53	60
ASDA (*32)	25	7½	9½	10½	1	2	3½
	30	4½	6	7½	2½	4	5
	35	1	3½	5	6	6½	9
Brit. Airways (*298)	280	25	34	42	6	14	17
	300	12	23	30	13	23	26
	330	3	13	18½	39	41	45
SmKl Beecham A (*483)	450	43	56	–	4½	12	–
	475	23	39	–	9½	20	–
	500	11	26	36	26	32	37
Boots (*497)	460	44	56	67	4½	12	17
	500	17	31	44	18	30	34
B.P. (*221)	220	10½	18	22	[illegible]	11½	17
	240	3½	9	13½	23	25	28
British Steel (*62)	60	7	9	11	4	7	9
	70	2½	5	7	10½	13	14
Bass (*565)	550	34	45	53	10	25	27
	600	10	22	29	35	52	57
C & Wire (*586)	550	46	63	75	5½	17	24
	600	16	34	48	26	39	45
Courtaulds (*516)	500	31	47	59	11	23	30
	550	8	26	35	39	58	57
Com. Union (*534)	500	48	56	62	4	11	20
	550	10	26	34	26	32	43
Fisons (*282)	280	16	28	33	13	24	29
	300	7	19	26	25	36	42
GKN (*394)	390	18	32	48	9	18	27
	420	4½	18	25	26	32	44
Grand Met. (*449)	425	36	75	–	5	6½	–
	450	18	56	–	15	12	–
I.C.I. (*1211)	1200	43	85	118	24	44	61
	1250	20	60	[illegible]	53	70	90
Kingfisher (*536)	500	50	65	70	6	16	19
	550	14	36	47	28	36	39
Ladbroke (*171)	160	16	24	29	6½	14	17
	180	6½	16	20	20	26	28
Land Secur (*394)	390	12	22	30	10	18	22
	420	2½	10	14	35	40	41
M & S (*327)	300	31	40	45	4	8	12
	330	11	23	31	14	20	24
Sainsbury (*462)	460	16	30	38	14	20	24
	500	3½	14	21	42	45	47
Shell Trans. (*538)	500	46	58	60	8	7½	14
	550	9	25	29	19	24	35
Storehouse (*153)	140	14	22	23	4½	7	8½
	160	4	11	13	10	16	19
Trafalgar (*56)	50	10	15	18	3	7	9
	60	4½	11	15	8½	13	14
Utd Biscuits (*315)	300	25	27	36	7	11	17
	330	5	15	18	25	26	38
Unilever (*1048)	1000	66	88	110	6½	20	28
	1050	28	55	75	22	39	47

Option		Calls Nov	Calls Feb	Calls May	Puts Nov	Puts Feb	Puts May
Brit Aero (*124)	110	36	45	46	13	21	29
	120	27	40	41	18	27	34
	130	23	37	38	23	[illegible]	40
BAA (*715)	700	174	187	191	2	4	10
	750	125	144	150	3½	10	18
	800	82	106	114	10	20	32
BAT Inds (*864)	800	82	106	114	10	20	32
	850	47	74	84	24	36	52
	900	25	49	59	51	63	78
BTR (*452)	420	79	40	93	2	4½	8½
	460	44	57	63	6	11	18
	500	17	32	38	21	27	37
Brit. Telecom (*354)	330	33	38	44	4	9½	12
	360	13	21	27	14½	21	25
Cadbury Sch (*454)	420	47	59	65	5	11	16
	460	20	34	38	19	26	33
Eastern Elec (*355)	350	21	28	36	12	19	24
	370	11	20	27	24	30	33
Guinness (*552)	550	33	48	60	26	29	33
	600	13	26	35	57	58	62
GEC (*245)	240	14½	19	24	6½	12	13
	260	5	10	14½	19	22	24
Hanson (*219)	200	23½	27	29	3	5	7½
	220	9½	15	17	8½	13½	16
LASMO (*164)	160	18	26	29	13	19	22
	180	9	18	21	24	30	36
Lucas Inds (*93)	90	10	14	16	10	14	16
	100	5	10	12	16	19	23
P. & O. (*396)	390	25	53	60	22	30	40
	420	19	38	43	40	48	56
Pilkington (*90)	90	10½	15	9	8	12	14
	100	7	11	15	13	18	21
Prudential (*274)	260	24	31	37	6	10	13
	280	11	21	25	13	18	23
R.T.Z. (*624)	600	54	74	77	10	21	30
	650	21	44	49	30	42	52
Scot. & New (*423)	420	24	32	40	13	20	25
	460	7	15	24	40	44	48
Tesco (*219)	200	22	30	33	5	7½	11
	220	10	18	21	12	16	20
Thames Water (*434)	420	27	36	45	11	16	19
	460	6	16	25	37	40	42
Vodafone (*337)	330	25	34	41	13	23	28
	360	11	21	28	31	40	45

Option		Calls Dec	Calls Mar	Calls Jun	Puts Dec	Puts Mar	Puts Jun
Abbey Nat. (*310)	280	40	51	50	4½	10	11
	300	27	35	37	10	16	18
	330	11	18	23	25	30	32
Amstrad (*27)	20	9½	9½	11½	1½	3	3½
	25	5	6½	7½	3½	5	5½
	30	3	4½	6	7	8	9
Barclays (*373)	360	36	38	45	13	25	28
	390	16	25	28	31	42	42
	420	7	15	19	53	62	–
Blue Circle (*156)	140	28	35	37	7½	9½	14
	160	17	24	26	16	18	24
	180	10	15	17	28	30	32
British Gas (*245)	240	12½	18½	20	10	13½	20
	260	5	10½	12	25	27	32
Dixons (*225)	220	22	28	35	13	19	20
	240	13	20	26	25	28	31
Eurotunnel (*420)	420	35	53	66	40	52	58
	460	18	38	45	68	75	78
Glaxo (*775)	750	70	90	110	28	47	56
	800	43	65	85	57	70	80
Hillsdown (*84)	80	13	16	24	12	15	21
	90	7½	12	15	18	22	27
Lonrho (*71)	70	9	12½	15	6	8½	10½
	80	5	8½	11	12	14	16
HSBC 75p shs (*411)	390	42	50	57	15	28	35
	420	25	36	42	35	45	50
National Power (*267)	260	22	27	35	8	13	17
	280	10	17	25	19	23	28
Reuters (*1254)	1250	87	125	145	70	90	99
	1300	60	102	125	95	115	127
R. Royce (*136)	130	14	18	19½	7	10½	12
	140	9	12½	14½	11	16	17½
Scottish Power (*177)	170	14	–	–	4	–	–
	180	7½	10½	14	8½	11	13
Sears (*74)	70	9	12	13	5½	7	10
	80	4½	7	10	11	13	16
Forte (*134)	130	21	27	29	12	14	19
	140	16	22	24	16	18	25
Thorn EMI (*798)	750	76	87	103	19	25	30
	800	38	57	74	35	45	50
TSB (*137)	130	16	18	20	5½	9	14
	140	9	12	15	9	14	19
Vaal Reefs (*$33)	30	7½	8	8½	1½	3	4
	35	4½	5	6	4	6	6
Wellcome (*966)	950	72	100	120	47	65	75
	1000	50	78	98	75	90	100

EURO FT-SE INDEX (*2605)

	2425	2475	2525	2575	2625	2675	2725	2775
CALLS								
Oct	202	157	114	77	47	25	13	7
Nov	230	186	148	115	86	60	48	35
Dec	255	–	177	–	110	–	63	–
Mar	300	–	228	–	165	–	115	–
Jun	337	–	267	–	205	–	152	–
Sep	375	–	305	–	240	–	190	–
PUTS								
Oct	9	14	20	33	49	78	113	155
Nov	20	28	37	50	69	93	123	158
Dec	27	–	45	–	78	–	130	–
Mar	42	–	70	–	100	–	145	–
Jun	55	–	80	–	112	–	155	–
Sep	70	–	95	–	127	–	165	–

FT-SE INDEX (*2605)

	2450	2500	2550	2600	2650	2700	2750	2800
CALLS								
Oct	186	143	100	62	36	20	10	5
Nov	213	173	137	104	75	52	34	20
Dec	235	196	160	128	98	75	55	37
Jan †	253	215	180	148	120	95	78	53
Jun	–	280	–	215	–	160	–	118
PUTS								
Oct	10	14	25	41	68	105	148	198
Nov	25	34	47	64	88	120	158	200
Dec	31	42	56	75	100	128	163	200
Jan †	42	52	66	85	108	135	170	210
Jun	–	80	–	115	–	163	–	230

September 25 Total Contracts 32,075
Calls 21,192 Puts 10,883
FT-SE Index Calls 3,990 Puts 6,836
Euro FT-SE Calls 978 Puts 315
*Underlying security price. † Long dated expiry months. Premiums shown are based on closing offer prices.

TRADITIONAL OPTION 3-month call rates

■ INDUSTRIALS	p	Cadburys	35	Hanson	15	Ratners	2½	Land Sec.	32
Allied-Lyons	47	Charter Cons.	44	ICI	65	Reed Intl	42	MEPC	22
Amstrad	4	Comm Union	42	Ladbroke	20	Sears	7	**■ OILS**	
Astec (BSR)	3½	Courtaulds	36	Legal & Gen	27	SmKl Bchm A	34	Aviva Pet	6
BAT Inds	60	Eurotunnel	32	Lex Service	19	TI	26	BP	22
BOC	49	FKI	8	Lloyds Bank	34	TSB	11½	Burmah Castrol	58
BTR	35	FNFC	6	Lonrho	8	Tesco	17	Conroy Pet	6
Barclays	26	Forte	17	Lucas Inds	11	Thorn EMI	56	Gaelic Res	½
Blue Circle	19	GKN	39	Marks Spencer	25	T & N	15	Premier Cons	2½
Boots	31	Gen Accident	40	NatWest Bank	26	Unilever	75	Shell	42
Bowater	56	GEC	17	P & O Dfd	32	Vickers	9	Tuskar Res	½
Brit Aerospace	30	Glaxo	15	Racal Elect	6	Wellcome	71		
British Steel	8	Grand Met	34	RHM	14	**■ PROPERTY**		**■ MINES**	
BT	25	GRE	13	Rank Org	42	Brit Land	15	RTZ	60

INTERNATIONAL COMPANIES AND FINANCE

Olivetti losses deepen to L93.4bn in first half

By Haig Simonian in Milan

OLIVETTI, the troubled Italian computers group, deepened its losses to L93.4bn ($74.6m) in the first six months of this year from L73.7bn in the corresponding period last year, owing to the continuing turbulence in the world information technology industry.

Sales fell by a further 5 per cent to L3,748bn from L3,943bn, while net operating profits dropped by more than 23 per cent to L33.9bn.

In an attempt to strengthen its management team, the company announced the appointment of Mr Corrado Passera, formerly managing director of the L'Espresso publishing group.

L'Espresso is controlled by Mr Carlo De Benedetti's Cir holding company.

Mr Passera will become joint managing director alongside Mr De Benedetti, who will continue in his position as chairman.

Olivetti shares fell in expectation of the news, announced after the market closed, with a L33 drop to L1,682.

The company blamed the fall in earnings and sales on the continuing problems in the computers sector caused by over-capacity and fierce price competition.

Prices for personal computers had fallen by 40 per cent in the six months – almost the same decline as for the whole of 1991, it said.

Although Olivetti, in common with other computer manufacturers, has been cutting costs, the L188.9bn reduction in its cost base had proved insufficient to counter the effect of falling product prices.

The company again stressed the strength of its balance sheet, and its ability to ride out the continuing crisis in the industry.

Moreover, it repeated its strategy of meeting its problems by pushing through a policy of reducing its break-even level and forging new alliances with other complementary producers in order to reduce expenditure on research and development and accelerate the time taken to introduce new products.

Pirelli reports return to profits

By Haig Simonian

PIRELLI, the Italian cables and tyres group, has returned to profit with net earnings of L77bn ($61.5m) for the first half of 1992 after a loss of L105bn in the same period in 1991.

However, the figures are not directly comparable with those for 1991 owing to the change to historic from current cost accounting and the consolidation of the accounts of some subsidiares on an equity rather than global basis.

Pirelli warned that "the significant deterioration" in market conditions would make it difficult to maintain the current earnings trend. While net profits this year would "foreseeably" be positive, the improvement would essentially be due to extraordinary gains.

The upturn this year stems from both tyres and cables, confirming the current recovery in the tyre industry after cut-throat competition in the past. Pirelli's resources were further depleted by its abortive bid for Continental, its slightly bigger German rival, which collapsed last year.

The profits turnround was due to heavy restructuring, with an 8.4 per cent drop in staff to 61,465, cost cutting, improved productivity and lower capital spending. Earnings were also boosted by substantial, but undisclosed, capital gains on divestments.

Pirelli said its tyre and cable operations were close to break even at the net level, implying that extraordinary items comprised all its interim net profits. So far, three of the seven units of Pirelli's diversified products division, which were put up for sale in 1991 to strengthen its balance sheet, have been sold.

Pirelli warned of a "difficult" second half for both cables and tyres, with the boost from a devalued lira being countered by higher interest rates. But it did not expect this month's currency movements to have "major effects" on its results.

Sales, adjusted for disposals, rose by 2.9 per cent to L4,252bn, with a particularly strong increase in tyres.

Operating profits surged to L179bn from L170bn, in spite of a 30 per cent rise in depreciation to L276bn under a revised policy for write-downs.

Quaker Oats to sell two Italian units

QUAKER Oats, the US foods group, has reached agreement to sell two Italian businesses, Sorba and Pandea, to Garma, an Italian investment group, AP-DJ reports.

Quaker said the two businesses, although profitable, do not fit its strategic European core businesses of pet foods and cereals.

Sorba, which was acquired by Quaker in 1983, distributes gourmet products in Italy from its base in Milan.

Pandea, a producer of breadsticks and crackers, was acquired by Quaker in 1981 as part of its acquisition of Chiari and Forti.

The two represented $45m of Quaker's $400m annual sales in Italy, Quaker said.

US food retailer hit by provision for Isosceles

By Karen Zagor in New York

GREAT Atlantic and Pacific Tea Company, one of the biggest US supermarket operators, saw quarterly profits slide for a second consecutive quarter.

Net income for the second quarter ended September 12 was $7.64m, or 20 cents a share, compared with $14.5m, or 38 cents a share a year earlier. Sales declined less dramatically, to $2.43bn in the latest quarter from $2.65bn a year ago.

For the first six months, A&P's underlying net income fell to $30.4m, or 80 cents a share from $50.7m, or $1.33, the previous year.

The company, which is 53 per cent owned by Germany's Tengelmann group, took an $89.2m provision in the first half of this year to cover potential losses on its equity stake in Isosceles, which owns the UK Gateway grocery chain.

The write-off, and one-time accounting items, contributed to a net loss in the first half of $149.8m, or $3.92 a share. There were no significant extraordinary items in the same period of 1991.

A&P's results are still reflecting general food price deflation and strong competition in the supermarket industry. The company said unemployment and lack of consumer confidence had also hurt sales. In addition, the company's exposure to weak markets in Ontario, Canada and the New York city area has hit profitability.

Telekom hopes for DM20bn from partial flotation

By Christopher Parkes in Bonn

DEUTSCHE Bundespost Telekom, Germany's state-owned telecommunications utility, hopes to raise DM20bn ($13.4bn) from a privatisation sale on international markets, Mr Helmut Ricke, chief executive, said yesterday.

However, the flotation would not be possible before 1996 at the earliest and less than 50 per cent of the company would be sold.

Unveiling a plunge into a DM134m loss for last year compared with a net profit of DM1.25bn in 1991, Mr Ricke gave the first tentative details of a privatisation plan which has been hanging fire for several years.

However, leaders of the opposition Social Democrat party have recently abandoned their objections to the sale of state assets, and fallen broadly into line with government plans for a wide-ranging privatisation programme. This is also expected to include the state's majority holding in the Lufthansa airline.

The results released yesterday were distorted by the inclusion in the accounts for the first time of operations in eastern Germany and a tax charge of DM317m, compared with DM70m last time, and increased transfers to the federal reserves and "equalisation" payments to cover losses in the state postal and banking authorities.

While sales rose to DM47.2bn from DM40.6bn, operating profits edged down to DM7.13bn from DM7.31bn.

Mr Ricke said the burden of investment in the east had brought Telekom to the limits of its capacity. Last year it installed 550,000 new connections in the former East Germany and invested DM5.5bn.

Total investment in the current year, when sales are expected to top DM50bn, is expected to reach DM30bn, with around DM11bn being spent in the east.

Longer term, Telekom is aiming for sales of DM80bn in 2000 and a reduced workforce which will help it achieve international productivity standards.

● German carmakers expect production to decline in 1993 and export markets to shrink, according to the German Automobile Association (VDA), Reuter reports. However, the VDA said the industry's performance this year could match or slightly exceed last year's record output.

Fortis and La Caixa join forces in Spanish market

By Andrew Hill in Brussels

FORTIS, the Dutch-Belgian insurance and banking group, is to link with La Caixa, Spain's biggest financial institution, in a Pta23bn ($217m) deal to service the Spanish insurance market.

The deal is the latest in a series of cross-border agreements between Spanish banks and north European insurance companies. It follows last month's "bancassurance" deal between Axa of France and Banco de Bilbao Viscaya.

Spain will become the third principal European insurance market for Fortis, which is jointly owned by Amev of the Netherlands and AG of Belgium.

"Our other European subsidiaries will remain and we will try to develop them as well, but if we are talking about a third large country with premium income comparable to the Netherlands and Belgium then we are now talking about Spain," said a Fortis spokeswoman.

She said Fortis and La Caixa, a Barcelona-based savings bank, would concentrate on organic growth in Spain until it matched the Dutch and Belgian operations, rather than looking for further acquisitions in Spain.

Juan Antonio Samaranch: chairman of La Caixa

Fortis is to pay Pta23bn for its share in a new 50-50 joint venture which will own 80 per cent of VidaCaixa, the Spanish bank's life insurance arm, and 80 per cent of SegurCaixa, the non-life operation.

The balance of shares in VidaCaixa will be directly owned by La Caixa, and in SegurCaixa by Fortis.

The two parent companies will also share ownership of AgenCaixa, the Spanish sales organisation.

La Caixa, which is chaired by International Olympic Committee president Mr Juan Antonio Samaranch, has been expanding into non-savings business recently.

Fortis said yesterday that it would provide the expertise in designing life and non-life products, while La Caixa would contribute its knowledge of the Spanish market.

VidaCaixa's life insurance premium income for 1992 is forecast to exceed Pta100bn, and SegurCaixa's non-life income should reach Pta5bn.

If two existing Fortis subsidiaries in Spain are added to the new holding company then the combined premium income there should exceed Ecu900m, ($1.2bn), compared with premium income of Ecu2.4bn from Fortis's Belgian and Dutch operations.

Stolzenberg denies Castor loan

By Bernard Simon in Toronto

MR WOLFGANG Stolzenberg, the German-Canadian financier who controls Imry Merchant Developers, a UK property developer, has strongly disputed evidence of a C$93m (US$75.60m) loan to Imry, from a bankrupt Montreal company, whose creditors face losses of hundreds of millions of dollars.

The row over the alleged loan to Imry has come to light with the collapse of Castor Holdings, the Canadian company which is at the centre of a tangled international property finance empire also controlled by Mr Stolzenberg.

Imry was taken private in a highly-leveraged deal in 1989. Mr Stolzenberg last year bought out other investors as part of a restructuring in which Barclays Bank increased its loans to the Imry group to more than £400m ($680m).

Castor's creditors, who are mostly banks and wealthy individuals in Germany and Switzerland, have raised numerous questions about the collapse of the company, which specialised in high-risk mortgages and construction loans in the US and Canada.

According to accounting registers reviewed in Zug, Switzerland, by auditors Peat Marwick, the loan to Imry was channelled through Castor's wholly-owned Rotterdam-based subsidiary, CH International (Netherlands) BV. Peat Marwick acted as a "co-ordinator" for Castor while the company was under court protection earlier this year, prior to being put into receivership.

According to Peat Marwick, the registers also indicate that roughly the same amount was deposited with Castor's subsidiary in Curacao by Bristol Holdings, a company believed to be connected with Imry.

Peat Marwick has been unable to verify the legality of the documents it reviewed. Its report was not cleared with Castor's management.

However, Mr Neil Stein, a Montreal lawyer representing Castor's directors, said he has been assured by Mr Stolzenberg as well as various Imry directors (whom he declined to identify) that "they are unaware of any amount of money being owed by Imry to Castor or any of its subsidiaries."

Mr Stein said Mr Stolzenberg is drafting a letter to Castor's bankruptcy trustee which will flatly contradict the Peat Marwick finding. Mr Stein said he expects to receive further details next week of Mr Stolzenberg's dealings with Imry.

New president for Northern Telecom

MR JEAN Monty, the aggressive head of Canada's largest telecommunications utility, Bell Canada, is taking over as president and chief operating officer of Northern Telecom, the international equipment producer and a sister company, writes Robert Gibbens.

Mr Paul Stern, who has been chairman and president of Northern Telecom since 1991 and has overseen its international expansion, remains chairman and chief executive.

Bell Canada is 100 per cent owned by BCE, Canada's largest holding company, and provides most of BCE's profits. Northern Telecom is controlled by BCE and is the second largest contributor.

Mr Stern said Mr Monty "brings us a strong financial background and strong telephone company operating experience."

He said Northern Telecom envisaged a stronger second half and full 1992 results should be better than 1991. "We've been affected by the North American recession like others, but we're gaining market share," he added.

Wiedekin takes over from Bohn at Porsche

By David Waller in Frankfurt

MR WENDELIN Wiedekin, currently head of production at Porsche, was yesterday voted, with the unanimous backing of the supervisory board, as successor to Mr Arno Bohn as chief executive of the luxury car company.

The supervisory board met yesterday two days after the surprise announcement that Mr Bohn was leaving Porsche because of differences of opinion over business policy.

Mr Wiedekin will take over the job from next Thursday.

Yesterday's statement gave no clue as to the business differences which have led to Mr Bohn's departure, but it is likely that more comprehensive explanations will be forthcoming from both Porsche and Mr Bohn next week, after the latter has formally severed his ties with the company.

Porsche said also that as an export-driven company, its sales would be hit hard by the appreciation of the D-Mark in recent weeks.

The previously agreed cost-cutting measures would be introduced as quickly as possible, the brief statement said.

During the current financial year Porsche is planning to cut more jobs than the 550 it shed last year.

Imasco sees turnround at Hardee's

By Robert Gibbens in Montreal

IMASCO, the tobacco, retailing and financial services group, is succeeding in turning round its Hardee's fast-food operation in the US after two years of poor results.

Mr Purdy Crawford, chairman, said new management at Hardee's had costs under control and had caught up with the competition in key marketing areas.

Hardee's is expected to record operating earnings of $100m in 1994, in line with the best years of the 1980s.

Mr Crawford played down the potential impact of high loan-loss provisions by Canada Trust, Imasco's financial services subsidiary, as a result of the long recession.

Overall, he said, Imasco was "on course for a year of good earnings growth."

For the first half ending June 30, profit was equivalent to C$1.21 a share, up 16 per cent from a year earlier.

WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES	Latest prices	Change on week	Year ago	High 1992	Low 1992
Gold per troy oz.	$349.35	-2.85	$349.15	$358.40	$335.20
Silver Per troy oz	223.45p	+0.245	236.40p	242.70p	187.58p
Aluminium 99.7% (cash)	$1273.5	+24.0	$1162.0	$1339.0	$1105.5
Copper Grade A (cash)	£1393.5	+10.0	£1418.0	£1418.0	£1125.0
Lead(cash)	[illegible]		£311	£383.5	£278.50
Nickel (cash)	$6870.0	-80.0	$7495	$8195.0	$6795
Zinc SHG (cash)	$1335.0	-47.0	$1017.5	$1457.5	$1105.5
Tin (cash)	$6455	-240	$5542.5	$7115.0	$5425.0
Cocoa Futures (Dec)	£640	+11	£746	£773	£523
Coffee Futures (Nov)	$804	+29	$521	$1013	$876
Sugar (LDP Raw)	$226.0	-5.4	$249	$272.6	$193
Barley Futures (Jan)	£120.95	+1.45	£113.25	£123.90	£106.90
Wheat Futures (Jan)	£123.00	+1.50	$117.25	£131.85	£109.65
Cotton Outlook A index	55.75c	-1.25	69.10c	65.10c	52.25c
Wool (64s Super)	410p	+16	355p	480p	364p
Oil (Brent Blend)	$20.425x		$21.175	$21.30	$17.00

Per tonne unless otherwise stated. †Unquoted p-pence/kg. c-cents lb. x-Nov

London Markets

SPOT MARKETS		
Crude oil (per barrel FOB)(Nov)		+ or -
Dubai	$18.50-8.55z	-0.15
Brent Blend (dated)	$20.25-0.30	-0.15
Brent Blend (Nov)	$20.40-0.45	-0.15
W T I (1 pm est)	$21.75-1.80z	-0.05
Oil products		
(NWE prompt delivery per tonne CIF		+ or -
Premium Gasoline	$215-217	-2
Gas Oil	$193-194	
Heavy Fuel Oil	$93-95	+1
Naphtha	$190-191	-0.5
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$349.35	+1.00
Silver (per troy oz)♣	383.125c	+½
Platinum (per troy oz)	$369.25	+3
Palladium (per troy oz)	$92.50	+0.25
Copper (US Producer)	112.0c	
Lead (US Producer)	40.1c	
Tin (Kuala Lumpur market)	16.15r	-0.11
Tin (New York)	236.5c	-2.0
Zinc (US Prime Western)	62.0c	
Cattle (live weight†	106.69p	-2.73*
Sheep (live weight)†♣	69.96p	-1.48*
Pigs (live weight)†	76.16p	+2.76*
London daily sugar (raw)	$226.0w	+0.5
London daily sugar (white)	$261.0	-1
Tate and Lyle export price	£242.0	+1
Barley (English feed)	Unq	
Maize (US No. 3 yellow)	£137.0	
Wheat (US Dark Northern)	Unq	
Rubber (Oct)♥	57.25p	+0.25
Rubber (Nov)♥	57.25p	+0.25
Rubber (KL RSS No 1 Jul)	219.5m	
Coconut oil (Philippines)§	$505.0y	
Palm Oil (Malaysian)§	$387.5y	+7.5
Copra (Philippines)§	$325	+2.5
Soyabeans (US)	£148.0w	
Cotton "A" index	55.75c	
Wooltops (64s Super)	410p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. l-Oct/Dec w-Sep/Oct y-Nov/Dec u-Oct. z-Nov. †Meat Commission average fatstock prices. * change from a week ago ♥London physical. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg ♣Sheep prices are now live weight prices

SUGAR – London FOX			(5 per tonne)
Raw	Close	Previous	High/Low
Oct	194.40	197.00	196.00 191.00
Mar	193.00	195.00	185.00
White	Close	Previous	High/Low
Dec	254.30	255.50	255.50 253.50
Mar	256.30	257.00	257.20 254.50
May	257.10	258.50	258.20 256.10
Aug	261.30	262.90	261.00 260.30
Oct	249.30	251.60	248.50

Turnover: Raw 286 (127) lots of 50 tonnes. White 278 (895) Paris- White (FFr per tonne): Dec 1298.40 Mar 1338.13

CRUDE OIL – IPE			$/barrel
	Latest	Previous	High/Low
Nov	20.44	20.47	20.48 20.32
Dec	20.43	20.46	20.50 20.35
Jan	20.42	20.41	20.43 20.31
Feb	20.25	20.35	20.28 20.28
Mar	20.15	20.17	20.15
Jun	19.87		19.87
Jul	19.79		19.79
IPE Index	20.50	20.52	

Turnover 12000 (16398)

GAS OIL – IPE			$/tonne
	Close	Previous	High/Low
Oct	190.75	191.25	190.75 189.00
Nov	193.75	194.25	194.25 192.25
Dec	196.25	196.75	196.50 194.50
Jan	196.75	197.25	196.75 194.75
Feb	193.25	193.75	193.00 191.25
Mar	186.25	186.75	187.00 185.00
Apr	181.50	182.00	181.50 180.50
May	178.75	179.50	179.00 178.50
Jun	178.00	178.75	178.50 177.75

Turnover 8581 (13208) lots of 100 tonnes

SPICES

Pepper prices continued to rise following the firmer trend in almost all countries of origin reports Man Production. Especially white pepper has become more expensive on shipment from Indonesia at about usd 1475/1500 cif. Since available stocks in Europe are small the price of spot goods is about usd 100/mt higher. Black pepper prices have remained very steady as well. Demand, if any, was mainly for ready goods priced at about usd 1100/mt ex warehouse. Offers on shipment basis at 950/1000 cif were mostly neglected.

COCOA – London FOX			£/tonne
	Close	Previous	High/Low
Sep	625	632	620 624
Dec	640	648	651 639
Mar	665	677	681 668
May	686	696	697 687
Jul	703	713	712 703
Sep	717	730	728 718
Dec	743	786	766 750
Mar	769	784	785 778
May	787	802	800 796
Jul	808	820	813

Turnover: 4270 (3843) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Sep 24 743.65 (760.69) 10 day average for Sep 25 761.82 (768.96)

COFFEE – London FOX			$/tonne
	Close	Previous	High/Low
Sep	785	782	785 775
Nov	804	798	804 790
Jan	812	806	812 798
Mar	821	818	820 810
May	818	816	814 808
Jul	822	821	818 814

Turnover:3201 (2804) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Sep 25: Comp. daily 46.29 (46.66) 15 day average 45.92 (45.89)

POTATOES – London FOX			£/tonne
	Close	Previous	High/Low
Apr	61.2	65.0	63.5 61.0

Turnover 178 (88) lots of 20 tonnes.

SOYAMEAL – London FOX			£/tonne
	Close	Previous	High/Low
Dec	132.50		132.50
Feb	133.50		133.50

Turnover 24 (0) lots of 20 tonnes.

FREIGHT – London FOX			$10/index point
	Close	Previous	High/Low
Sep	1046	1045	1045
Oct	1110	1102	1110 1085
Nov	1129	1125	1130 1115
Jan	1160	1168	1162 1150
Apr	1208	1210	1208 1200
Jul	1085	1080	1085 1075
Oct	1270	1275	1271 1270
BFI	1045	1050	

Turnover 458 (523)

GRAINS – London FOX			£/tonne
Wheat	Close	Previous	High/Low
Nov	118.75	118.30	118.75 118.50
Jan	123.00	122.40	123.15 121.75
Mar	126.00	125.30	126.00 124.70
May	128.80	128.75	128.15 127.85
Barley	Close	Previous	High/Low
Nov	118.90	118.40	118.90 118.40
Jan	120.95	120.30	120.95 120.30
Mar	124.00	123.40	124.00 123.50
May	125.95	126.00	125.95

Turnover: Wheat 395 (721), Barley 182 (88). Turnover lots of 100 Tonnes.

PIGS – London FOX		(Cash Settlement) p/kg	
	Close	Previous	High/Low
Oct	104.0	104.5	100.0
Nov	104.0	104.5	103.0

Turnover 5 (5) lots of 3,250 kg

LONDON METAL EXCHANGE			(Prices supplied by Amalgamated Metal Trading)		
	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)				Total daily turnover 38,884 lots		
Cash	1273-4	1265-6		1269-70		
3 months	1298-7	1288-9	1301/1293.5	1293-3.5	1296-7	161,254 lots
Copper, Grade A (£ per tonne)				Total daily turnover 39,707 lots		
Cash	1393-4	1388-4	1403.5/1388	1403-3.5		
3 months	1425-5.5	1423.5-4	1437/1421	1434-5	1421.5-2	155,914 lots
Lead (£ per tonne)				Total daily turnover 10,231 lots		
Cash	348-50	348-9	349	349-9.5		
3 months	361-2	358-9.5	362.25/360	360-60.5	361-2	27,801 lots
Nickel ($ per tonne)				Total daily turnover 4,136 lots		
Cash	6865-75	6790-800		6865-75		
3 months	6940-50	6867-8	7010/6880	6945-50	6910-20	28,190 lots
Tin ($ per tonne)				Total daily turnover 2,231 lots		
Cash	6450-60	6495-505	6455/6450	6452-5		
3 months	6515-20	6555-65	6535/6490	6510-5	6515-20	11,368 lots
Zinc, Special High Grade ($ per tonne)				Total daily turnover 12,508 lots		
Cash	1334-5	1339-40	1340	1338-9		
3 months	1328-30	1330-1	1341/1326	1330-1	1326-7	65,236 lots

LME Closing £/$ rate:
SPOT: 1.7150 3 months: 1.6916 6 months: 1.6738 9 months: 1.6557

LONDON BULLION MARKET (Prices supplied by N M Rothschild)		
Gold (troy oz)	$ price	£ equivalent
Close	349.20-349.50	
Opening	349.20-349.30	
Morning fix	348.35	204.215
Afternoon fix	349.70	205.163
Day's high	350.50-350.80	
Day's low	348.50-348.80	

Loco Ldn Mean Gold Lending Rates (Vs US$)			
1 month	2.41	6 months	2.41
2 months	2.39	12 months	2.49
3 months	2.39		

Silver fix	p/troy oz	US cts equiv
Spot	223.80	382.15
3 months	228.75	384.95
6 months	233.35	388.10
12 months	242.65	395.15

GOLD COINS	$ price	£ equivalent
Krugerrand	349.50-351.50	204.00-205.00
Maple leaf	360.20-362.50	-
New Sovereign	83.60-85.50	49.00-51.00

TRADED OPTIONS				
Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Oct	Jan	Oct	Jan
1250	31	64	3	11
1300	3	33	23	30
1350	3	14	70	60
Copper (Grade A)	Calls		Puts	
2350	54	90	4	32
2400	20	63	20	53
2450	3	41	54	80
Coffee	Nov	Jan	Nov	Jan
700	105	118	1	8
750	60	78	6	16
800	27	47	23	35
Cocoa	Dec	Mar	Dec	Mar
625	35	68	20	25
650	23	53	33	35
675	15	41	50	48
Brent Crude	Nov	Dec	Nov	Dec
2000			15	27
2050	26	46	29	51
2100	11	27	57	

New York

GOLD 100 troy oz.; $/troy oz.				
	Close	Previous	High/Low	
Sep	349.3	349.2	0	0
Oct	349.5	349.4	350.0	349.0
Nov	350.2	350.1	0	0
Dec	351.1	351.0	352.0	350.4
Feb	352.5	352.6	353.8	352.0
Apr	353.9	353.9	355.0	353.8
Jun	355.4	355.4	357.0	357.0
Aug	357.0	357.1	0	0
Oct	358.7	358.6	0	0

PLATINUM 50 troy oz; $/troy oz.				
	Close	Previous	High/Low	
Oct	372.2	373.7	373.7	369.0
Jan	368.2	368.7	370.0	366.5
Apr	366.7	366.7	366.5	366.0
Jul	366.7	366.7	0	0

SILVER 5,000 troy oz; cents/troy oz.				
	Close	Previous	High/Low	
Sep	379.8	381.4	383.0	380.0
Oct	380.2	381.7	0	0
Nov	380.6	382.1	0	0
Dec	382.2	383.7	386.0	381.5
Jan	383.5	385.0	0	0
Mar	385.9	387.4	388.5	385.5
May	388.2	389.8	390.0	389.0
Jul	390.5	392.3	394.0	391.0
Sep	393.0	394.8	0	0
Dec	397.0	398.9	398.5	398.5

SUGAR WORLD "11" 112,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Oct	8.75	8.80	8.86	8.55
Mar	8.72	8.74	8.82	8.62
May	8.78	8.81	8.89	8.70
Jul	8.79	8.83	8.88	8.74
Oct	8.73	8.80	8.83	8.72

INDICES				
REUTERS (Base: September 18 1931 = 100)				
	Sep 25	Sep 24	mnth ago	yr ago
	1575.0	1577.2	1618.6	1646.8
DOW JONES (Base: Dec. 31 1974 = 100)				
	Sep 24	Sep 23	mnth ago	yr ago
Spot	117.34	117.48	117.93	117.63
Futures	116.39	116.21	115.66	123.82

HIGH GRADE COPPER 25,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Sep	105.90	105.65	107.00	105.80
Oct	106.00	106.75	107.00	105.85
Nov	106.40	107.15	106.80	106.70
Dec	106.70	107.45	107.95	106.60
Jan	106.85	107.60	0	0
Feb	107.00	107.70	0	0
Mar	107.15	107.80	108.25	107.10
Apr	107.05	107.70	0	0
May	106.90	107.55	0	0
Jun	106.75	107.40	0	0

CRUDE OIL (Light) 42,000 US galls $/barrel				
	Latest	Previous	High/Low	
Nov	21.71	21.79	21.84	21.68
Dec	21.67	21.74	21.78	21.62
Jan	21.60	21.66	21.70	21.55
Feb	21.50	21.54	21.57	21.45
Mar	21.40	21.42	21.42	21.37
Apr	21.30	21.30	0	0
May	21.20	21.19	21.20	21.20
Jun	21.10	21.08	21.10	21.05
Jul	20.98	20.98	21.00	20.96
Aug	20.05	20.90	0	0

HEATING OIL 42,000 US galls, cents/US galls				
	Latest	Previous	High/Low	
Oct	62.95	63.28	63.40	62.90
Nov	63.80	63.88	64.05	63.50
Dec	64.40	64.65	64.70	64.30
Jan	64.85	64.95	65.05	64.75
Feb	63.80	63.90	64.00	63.70
Mar	61.40	61.45	61.55	61.40
Apr	59.35	59.40	59.35	59.30
May	57.80	57.90	57.90	57.90
Jun	56.65	56.90	0	0
Jul	56.30	56.55	0	0

COCOA 10 tonnes;$/tonnes				
	Close	Previous	High/Low	
Dec	945	957	960	936
Mar	999	1010	1016	987
May	1035	1042	1050	1022
Jul	1055	1066	1073	1050
Sep	1086	1099	1097	1082
Dec	1117	1130	1134	1132
Mar	1158	1169	0	0
May	1181	1194	0	0
Jul	1218	1231	0	0

COFFEE "C" 37,500lbs; cents/lbs				
	Close	Previous	High/Low	
Dec	56.60	56.05	56.70	55.05
Mar	57.85	57.25	57.90	56.25
May	61.20	60.50	61.25	59.40
Jul	62.05	61.85	62.25	60.60
Sep	63.00	62.30	63.00	61.70
Dec	65.25	64.50	64.00	64.00

COTTON 50,000; cents/lbs				
	Close	Previous	High/Low	
Oct	56.81	57.32	57.90	56.81
Dec	54.12	53.95	54.35	53.87
Mar	54.97	54.84	55.30	54.72
May	55.80	55.40	55.82	55.30
Jul	56.32	55.88	56.49	55.95
Oct	57.00	57.00	0	0
Dec	57.31	57.10	57.40	57.22

ORANGE JUICE 15,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Nov	113.90	113.60	114.25	113.50
Jan	113.65	113.25	114.20	113.25
Mar	114.35	113.95	114.75	114.05
May	115.50	115.40	116.50	115.50
Jul	115.00	114.90	115.75	115.75
Sep	115.00	114.90	115.70	115.70
Nov	115.00	114.90	0	0
Jan	116.00	114.90	115.00	114.70

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel				
	Close	Previous	High/Low	
Nov	543/2	543/2	546/0	541/2
Jan	550/2	549/6	552/0	548/0
Mar	557/0	556/6	559/2	555/4
May	564/2	563/6	566/6	562/4
Jul	571/2	570/4	573/2	569/4
Aug	572/4	571/4	575/0	572/0
Sep	570/0	569/0	570/0	570/0

SOYABEAN OIL 60,000 lbs; cents/lb				
	Close	Previous	High/Low	
Oct	18.91	18.98	19.08	18.88
Dec	19.18	19.31	19.37	19.14
Jan	19.36	19.48	19.52	19.31
Mar	19.59	19.72	19.72	19.54
May	19.83	19.96	19.97	19.79
Jul	20.02	20.21	20.16	20.01
Aug	20.15	20.32	20.30	20.45
Sep	20.24	20.42	0	0

SOYABEAN MEAL 100 tons; $/ton				
	Close	Previous	High/Low	
Oct	184.6	184.8	185.5	184.5
Dec	185.5	185.1	186.5	185.4
Jan	186.7	185.4	186.8	185.7
Mar	185.7	185.5	186.8	185.7
May	185.9	185.7	186.7	185.8
Jul	187.0	186.7	187.8	187.0
Aug	188.0	187.5	188.3	188.0
Sep	188.5	188.0	0	0

MAIZE 5,000 bu min; cents/56lb bushel				
	Close	Previous	High/Low	
Dec	216/2	215/2	217/6	215/2
Mar	224/6	224/0	226/0	223/6
May	231/0	230/2	232/0	230/2
Jul	235/4	234/6	236/4	235/0
Sep	235/4	235/4	236/0	235/0
Dec	238/6	238/2	239/2	237/2

WHEAT 5,000 bu min; cents/60lb-bushel				
	Close	Previous	High/Low	
Dec	344/4	341/6	346/2	340/2
Mar	346/4	342/6	347/4	341/2
May	338/2	335/0	338/4	333/0
Jul	316/2	314/4	316/4	313/0
Sep	320/4	319/0	320/6	319/4
Dec	332/0	331/0	332/0	330/6

LIVE CATTLE 40,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Oct	75.725	75.375	75.750	75.375
Dec	73.600	73.175	73.625	73.125
Feb	71.800	71.575	72.000	71.600
Apr	72.800	72.600	73.025	72.725
Jun	69.900	69.700	70.000	69.650
Aug	68.575	68.475	68.650	68.575

LIVE HOGS 40,000 lb; cents/lbs				
	Close	Previous	High/Low	
Oct	41.180	41.200	41.450	40.925
Dec	41.700	41.575	41.825	41.350
Feb	40.700	40.575	40.850	40.475
Apr	38.950	38.775	39.150	38.700
Jun	44.200	44.300	44.550	44.200
Jul	44.125	44.100	44.350	44.050
Aug	43.100	42.875	43.100	43.000

PORK BELLIES 40,000 lbs; cents/lb				
	Close	Previous	High/Low	
Feb	39.225	39.125	39.400	39.000
Mar	39.050	39.050	39.300	38.850
May	40.400	40.475	40.550	40.250
Jul	40.900	40.900	0	40.600
Aug	39.500	39.250	39.500	0

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

ERM rumours plague market

THE FRENCH FRANC continued to make gains against the D-Mark in Europe's Exchange Rate Mechanism yesterday, although there were persistent rumours in the market about the possibility of another realignment of the ERM, *writes James Blitz.*

The franc appreciated to a high of FFr3.3820 to the D-Mark in European trading and closed at FFr3.3860. Both the Bundesbank and the Bank of France made light interventions in the market to support the French currency, as it showed the first signs of rising above FFr3.40. The intervention was thought to have been tactically well-timed, and, by the close of European trading, dealers were confident that the danger of a franc devaluation had receded.

The large differential in French and German overnight rates, which was yesterday about 10 percentage points in the franc's favour, encouraged the purchase of francs. It was therefore far more lucrative for dealers to be long of the French currency over the weekend. However, there were few sign of major investment institutions, like pension funds, reversing their decisions earlier this week to sell francs.

The French currency also gained from suggestions that the core currencies of the ERM – the D-Mark, French franc, Dutch guilder and Belgian franc – could move quickly to currency union, transforming Europe into a two-tier currency system.

The Belgian central bank governor, Mr Alfons Verplaetse, said that monetary union among the 5 EC countries could start "immediately." Mr Carlos Solchaga, Spain's economy minister, also called for an urgent re-ordering of exchange rates in the ERM, adding to the idea that a realignment of the system could take place this weekend. The head of foreign exchange at a major London-based investment bank said that there was more than a 50 per cent chance of this happening this weekend.

Sterling was undermined yesterday morning as investors turned their attentions away from the French currency. The pound dipped to a historic low against the D-Mark of DM2.5090 in intra-day trading, but recovered later in the day to close 0.5 pfennigs down on the day at DM2.5450.

The dollar drifted lower in European trading as the French franc's stronger position in Europe undermined perceptions of the dollar as a safe haven. The US currency dropped more than a pfennig to a session low of DM1.4690. It was further undermined by poor US economic indicators, including a 0.1 per cent fall in durable goods orders in August, when a 1.8 per cent rise had been expected. The dollar recovered to close at DM1.4840 against the D-Mark from a previous DM1.4850.

£ IN NEW YORK

Sep.25	Latest	Previous Close
£Spot	1.7135-1.7145	1.7055-1.7065
1 month	0.88-0.86pm	0.87-0.85pm
3 months	2.45-2.42pm	2.44-2.41pm
12 months	7.90-7.80pm	7.77-7.67pm

Forward premiums and discounts apply to the US dollar

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Sep 25	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Belgian Franc	41.9547	40.7678	-2.83	3.39	45
Dutch Guilder	2.29193	2.22789	-2.79	3.35	44
D-Mark	2.03412	1.98073	-2.62	3.17	46
Spanish Peseta	139.176	136.552	-1.89	2.39	14
French Franc	6.82216	6.70599	-1.70	2.20	-1
Danish Krone	7.75901	7.66543	-1.21	1.69	-3
Irish Punt	0.759300	0.754598	-0.62	1.09	-3
Portuguese Escudo	176.844	177.661	0.46	0.00	-3

STERLING INDEX

CURRENCY RATES

CURRENCY MOVEMENTS

OTHER CURRENCIES

FORWARD RATES AGAINST STERLING

	Spot	1 mth	3 mths	6 mths	12 mths
US Dollar	1.7150	1.7063	1.6904	1.6702	1.6358
D-mark	2.5450	2.5437	2.5425	2.5441	2.5413
French Fr	8.6175	8.6155	8.6135	8.6113	8.6068
Swiss Fr.	2.2225	2.2180	2.2102	2.2022	2.1894
Yen	206.50	205.62	203.92	201.62	197.47

POUND SPOT - FORWARD AGAINST THE POUND

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

EURO-CURRENCY INTEREST RATES

EXCHANGE CROSS RATES

Sep.25	£	$	DM	Yen	F Fr.	S Fr.	N Fl.	Lira	C$	B Fr.	Pta	Ecu
£	1	1.715	2.545	206.5	8.618	2.223	2.865	[illegible]	[illegible]	[illegible]	[illegible]	1.297
$	0.583	1	1.484	120.4	5.025	1.296	1.671	1244	1.240	30.61	103.4	0.756
DM	0.393	0.674	1	81.14	3.386	0.873	1.126	838.1	0.835	20.63	69.67	0.510
YEN	4.843	8.308	12.32	1000.	41.73	10.77	13.87	10329	10.30	254.2	858.6	6.281
F Fr.	1.160	1.990	2.953	239.6	10.	2.579	3.324	2475	2.467	60.92	205.7	1.505
S Fr.	0.450	0.771	1.145	92.89	3.877	1	1.289	959.5	0.956	23.62	79.76	0.583
N Fl.	0.349	0.599	0.888	72.08	3.008	0.776	1	744.5	0.742	18.32	61.88	0.453
Lira	0.469	0.804	1.193	96.81	4.040	1.042	1.343	1000.	0.997	24.61	83.12	0.608
C$	0.470	0.807	1.197	97.13	4.054	1.046	1.348	1003	1	24.69	83.40	0.610
B Fr.	1.905	3.267	4.848	393.3	16.42	4.234	5.457	4063	4.050	100.	337.7	2.470
Pta	0.564	0.967	1.435	116.5	4.861	1.254	1.616	1203	1.199	29.61	100.	0.732
Ecu	0.771	1.322	1.962	159.2	6.645	1.714	2.209	1645	1.639	40.48	136.7	1.

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100: Peseta per 100.

FINANCIAL FUTURES AND OPTIONS

LONDON (LIFFE)

CHICAGO

PARIS

THREE MONTH EUROLIRA INT. RATE
LIRA 1,000m points of 100%

	Close	High	Low	Prev.
Dec	85.84	85.90	85.05	85.65
Mar	87.00	87.00	86.50	86.95
Jun	87.28	87.10	86.90	87.20
Sep	87.38			87.30

Estimated volume 1563 (2648)
Previous day's open int. 15960 (15827)

FT-SE 100 INDEX *
£25 per full index point

	Close	High	Low	Prev.
Dec	2658.0	2700.0	2645.0	2678.0
Mar	2689.0	2712.0	2691.0	2711.0
Jun				

Estimated volume 11227 (9251)
Previous day's open int. 43402 (44330)

* Contracts traded on APT. Closing prices shown.

POUND - DOLLAR

FT FOREIGN EXCHANGE RATES

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.7150	1.7063	1.6904	1.6702	1.6358

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls December	Calls March	Calls June	Puts December	Puts March	Puts June
105	4.66	-	-	0.15	0.37	-
106	3.72	-	-	0.24	-	-
107	2.94	3.37	-	0.38	0.68	-
108	2.14	2.67	-	0.58	0.94	-
109	1.49	2.04	-	0.92	-	-
Open Int	323,928	71,288	202	227,076	61,473	1,300

Estimated volume 117,463 † Total Open Interest 684,867
† All Yield & Open interest figures are for the previous day.

BANK RETURN

BANKING DEPARTMENT	Wednesday September 23, 1992	Increase or decrease for week
LIABILITIES	£	£
Capital	14,553,000	
Public Deposits	5,538,326,825	+ 5,449,684,897
Bankers Deposits	1,534,603,971	- 76,191,980
Reserve and other Accounts	3,475,123,759	- 1,029,748,581
	10,562,607,555	+ 4,343,744,356
ASSETS		
Government Securities	1,419,226,175	- 81,495,000
Advance and other Accounts	4,812,673,224	+ 1,981,465,867
Premises Equipment & other Secs	4,322,626,249	+ 2,441,837,569
Notes	7,882,052	+ 1,934,639
Coin	199,855	+ 1,281.
	10,562,607,555	+ 4,343,744,356
ISSUE DEPARTMENT		
LIABILITIES		
Notes in circulation	16,192,117,948	- 11,934,639
Notes in Banking Department	7,882,052	+ 1,934,639
	16,200,000,000	- 10,000,000
ASSETS		
Government Debt	11,015,100	
Other Government Securities	7,348,542,251	- 1,654,398,518
Other Securities	8,840,442,649	+ 1,644,398,518
	16,200,000,000	- 10,000,000

BASE LENDING RATES

	%		%		%
Adam & Company	9	Credit Lyonnais	9	McDonnell Douglas Bnk.	9
Allied Trust Bank	10	Cyprus Popular Bk	9	Midland Bank	9
AIB Bank	9	Dao Heng Bank (Ldn) Plc	11	Mount Banking	9
● Henry Ansbacher	9	Duncan Lawrie	9	NatWestminster	9
B & C Merchant Bank	13	Equatorial Bank plc	9	Northern Bank Ltd	9
Bank of Baroda	9	Exeter Bank Limited	10.5	Nykredit Mortgage Bank	10.5
Banco Bilbao Vizcaya	9	Financial & Gen. Bank	10	Provincial Bank PLC	14
Bank of Cyprus	9	● Robert Fleming & Co.	9	● Rea Brothers	9
Bank of Ireland	9	Robert Fraser & Ptnrs.	9.5	Roxburghe Bank Ltd.	11
Bank of India	9	Girobank	9	Royal Bk of Scotland	9
Bank of Scotland	9	● Guinness Mahon	9	● Smith & Williamson Secs.	9
Banque Belge Ltd	9	Habib Bank AG Zurich	9	Standard Chartered	9
Barclays Bank	9	● Hambros Bank	9	TSB	9
Brit Bk of Mid East	9	Hampshire Trust Plc	13.5	Unibank plc	9
● Brown Shipley	9	Heritable & Gen Inv Bnk.	9	● United Bk of Kuwait	9
CL Bank Nederland	9	● Hill Samuel	9	Unity Trust Bank Plc	9
Citibank NA	9	C. Hoare & Co.	9	Western Trust	9
City Merchants Bank	9	Hongkong & Shanghai	9	Whiteaway Laidlaw	9
Clydesdale Bank	9	Julian Hodge Bank	9	Yorkshire Bank	9
Co-operative Bank	9	● Leopold Joseph & Sons	9		
Coutts & Co	9	Lloyds Bank	9		
		Meghraj Bank Ltd	9		

● Members of British Merchant Banking & Securities Houses Association.

MONEY MARKETS

Softer short dates

SHORT DATED rates in the sterling cash market softened yesterday after the Bank of England explained how it would be rolling over the special credit facilities offered to leading institutions after its massive purchase of sterling on the foreign exchanges last week.

In the afternoon, rates firmed again after dealers took most of the day to remove the £900m shortage forecast by the Bank.

The overnight rate came below the base rate figure of 9 per cent after the Bank announced the terms on which it will offer credit to the major banks. The Bank's purchase of more than £10bn to support sterling on the foreign exchanges last Wednesday created a massive shortage in the money market. If the Bank had tried to remove this through its daily interventions alone, market rates would have moved to damagingly high levels.

The rates offered yesterday were 9⅛ per cent for 1 week, 9⅛ per cent for 1 month and 9¼ per cent for the whole two months that the facility is offered. These roughly reflect the current market rate for cash.

However, there was a lingering reluctance among traders to offer bills to the Bank at such a volatile time, and the Bank had to provide late assistance of £570m at the end of its daily intervention. The overnight rate firmed up to 11 per cent in the afternoon, while 3-month money again closed at 9¼ per cent on the offered side.

Sterling's three pfennig fall against the D-Mark had little impact on the cash market but caused a ten basis point fall in the December short sterling contract. For the moment, dealers remain uncertain of how the currency's fluctuations affect the government's policy on rates, although several dealers said that they would only start to pay close attention to the currency if it fell below DM2.50. The December contract closed at 91.72 after closing the previous night at 91.81.

The Bank purchased £100m of Band 1 bank bills at 8¾ per cent. Later the Bank purchased £5m of Band 1 Treasury bills and £25m of Band 1 bank bills at 8¾ per cent. The forecast was revised to £1.05bn, and the Bank purchased £373m of Band 1 bank bills and £23m of Band 2 bank bills.

UK clearing bank base lending rate 9 per cent from September 22, 1992

FT LONDON INTERBANK FIXING

(11.00 a.m. Sep.25) 3 months US dollars		6 months US Dollars	
bid 3⅛	offer 3¼	bid 3¼	offer 3⅜

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK

Lunchtime		Treasury Bills and Bonds			
Prime rate	6	One month	3.02	Three year	4.27
Broker loan rate	5	Two month	2.92	Five year	5.36
Fed.funds	3¼	Three month	2.89	Seven year	5.93
Fed.funds at intervention	-	Six month	2.94	10-year	6.41
		One year	3.06	30-year	7.36
		Two year	3.80		

Sep.25	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	8.80-9.00	8.80-9.00	8.80-9.00	8.80-9.00	8.80-9.00	9.50
Paris	16-19	11½-13½	-	10½-11½	-	9.60
Zurich	6⅛-6¼	6⅛-6¼	-	6⅛-6¼	-	-
Amsterdam	8.80-9.00	8.75-8.90	-	8.70-8.85	-	-
Tokyo	4⅛-4⅛	4⅛-4⅛	-	4⅛-4⅛	-	-
Milan	18¼-18¼	19⅛-20½	-	18¾-19⅞	-	-
Brussels	-	9⅛-9⅛	-	9⅛-9⅛	-	-
Dublin	-	-	-	-	-	-

LONDON MONEY RATES

Sep 25	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	12	9½	9⅛	9¼	9	8¾
Interbank Bid	8¾	9¼	9⅛	9⅛	8⅞	8⅝
Sterling CDs.	—	—	9⅛	9⅛	8¾	8½
Local Authority Deps.	9¼	9½	9⅛	9⅛	8⅞	8⅝
Local Authority Bonds	—	—	—	—	—	—
Discount Mkt Deps	9	9⅛	—	—	—	—
Company Deposits	—	—	—	—	—	—
Finance House Deposits	—	—	9½	9⅛	8⅝	8⅛
Treasury Bills (Buy)	—	—	8⅞	8⅜	8⅛	—
Bank Bills (Buy)	—	—	8⅞	8⅞	8⅛	—
Fine Trade Bills (Buy)	—	—	—	—	—	—
Dollar CDs.	—	—	3.00	3.00	3.03	3.17
SDR Linked Dep. Offer	—	—	6⅛	6	6	6
SDR Linked Dep. Bid	—	—	5⅞	5⅞	5⅞	5⅞
ECU Linked Dep. Offer	—	—	11⅛	11⅛	11⅛	10⅞
ECU Linked Dep. Bid	—	—	11⅛	10⅞	10⅞	10⅞

Treasury Bills (sell); one-month 8⅞ per cent; three months 8¼ per cent; six months 8 per cent; Bank Bills (sell): one-month 8½ per cent; three months 8⅜ per cent; Treasury Bills; Average tender rate of discount 8.2261. ECGD Fixed Rate Sterling Export Finance. Make up day August 28, 1992. Agreed rates for period Sep. 23, 1992 to October 25, 1992, Scheme I: 11.38 p.c., Schemes II & III. 11.66 p.c. Reference rate for period August 1, 1992 to August 28, 1992, Scheme IV&V: 10.379 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 10½ from September 1, 1992: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6), Deposit £100,000 and over held under one month 6½ per cent; one-three months 9 per cent; three-six months 9 per cent; six-nine months 8½ per cent; nine-twelve months 8½ per cent; Under £100,000 7 per cent from May 6, 1992. Deposits withdrawn for cash 5 per cent.

MONEY MARKET FUNDS

Money Market Trust Funds

Money Market Bank Accounts

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 535(2) and Third Market stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. ♦ Bargains done the previous day.

British Funds, etc
No. of bargains included 3946

Treasury 13¾% Stk 2000/03 - £105¾ £124

Exchequer 10½% Stk 2005 - £103⅞

Guaranteed Export Finance Corp PLC 12¾% Gtd Ln Stk 2002(Reg) - £121¾ .1125 ¾ .2375

Corporation and County Stocks
No. of bargains included 1

London County 2½% Cons Stk 1920(or after) - £24 (21Se92)

Birmingham Corp 3½% Stk 1946(or after) - £31

Birmingham District Council 11½% Red Stk 2012 - £109¼ (21Se92)

Bristol(City of) 11¾% Red Stk 2008 - £109♦

Hull Corp 3½% Stk(1st Iss) - £30 (22Se92)

Nottingham Corp 3% Stk (Ird) - £27 (22Se92)

Sunderland(Borough of) 11¾% Red Stk 2008 - £109 (21Se92)

UK Public Boards
No. of bargains included 1

Agricultural Mortgage Corp PLC 7¾% Deb Stk 91/93 - [illegible]

[illegible]

Foreign Stocks, Bonds, etc-(coupons payable in London)

[illegible]

Ladbroke Group PLC 5¾% Subord Cnv Bds 2004(Br£1000&5000) - £116¼ ¾ (22Se92)

Land Securities PLC 9¾% Bds 2007 - £99¾♦

6¾% Cnv Bds 2002 - £90 (23Se92)

9½% Cnv Bds 2004 (Br£5000&50000) - £95¾♦

Lasmo PLC 7¾% Cnv Bds 2005 - £75 (23Se92)

Leeds Permanent Building Society 10⅞% Subord Bds 1996 (Br£5000) - £101½ (21Se92)

Lewis (John) PLC 10½% Bds 2014 (Br£10000&100000) - £99½

[illegible]

Sterling Issues by Overseas Borrowers

[illegible]

Listed Companies(excluding Investment Trusts)

[illegible]

Investment Trusts

[illegible]

Miscellaneous Warrants

[illegible]

USM Appendix

[illegible]

Rule 535(2)

[illegible]

Shepherd Neame Ld "A" Ord £1 - £4.385

Southern Newspapers PLC Ord £1 - £2.3

Sun Oil Britain Ld Oil Royalty Stk Units 1p - £0.26 (18Se92)

Sutton Harbour Hldgs Ld Ord 25p - £3.7 (18Se92)

United Auctions (Scotland) Ld Ord £1 - £3.

Verdon PLC Ord 25p - £0.52 (23Se92)

Westabix Ld "A" Non.V Ord 25p - £11.2

Yates Bros Wine Lodges PLC Ord 25p - £1 (18Se92)

RULE 535 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

Alltel Corp £23.25 (18.9)
Cape Range Oil A$0.35 (22.9)
City Developments S$3.40 (22.9)
Malaysian Plantations 8.0♦ (22.9)
Mount Martin Gold Mines A$0.33
Niugini Mining A$2.621 (22.9)
North Flinders Mines £1.64
Oil Search A$0.756
Playmates Hldgs HK$2.77♦ (19.9)

By Permission of the Stock Exchange Council

LONDON STOCK EXCHANGE

Profit-takers move in on share prices

By Terry Byland
UK Stock Market Editor

Account Dealing Dates		
*First Dealings:		
Sep 7	Sep 21	Oct 5
Option Declarations:		
Sep 17	Oct 1	Oct 15
Last Dealings:		
Sep 18	Oct 2	Oct 16
Account Day:		
Sep 28	Oct 12	Oct 26

*New time dealings may take place from 8.30 am two business days earlier.

THE ADVANCE in UK share prices extended over the past week and a half met a significant check yesterday morning when the stock market re-assessed the parliamentary speech from Mr John Major, the UK prime minister, as well as the prospects for the UK economy outside the ERM.

The FT-SE raced ahead by more than 36 points in early trade but turned back sharply very early in the trading session. Reports that ministerial sources in Germany had speculated on the possibility of a mini-Europe, excluding Britain were denied. But the fall in sterling to a low against the D-mark unsettled a London market conscious of the steadier trend in the French franc. Also discouraging were signs of political pressures on the UK government after Thursday's parliamentary debate and the resignation of a Cabinet member.

By the close of trading in the UK, when Wall Street was showing a fall of 25 Dow points, London stocks were sliding lower. The final reading put the FT-SE Index at 2,601 exactly, the net fall of 20.2 bringing it to the lowest level of the day.

The session opened very strongly as the blue chip stocks responded to strength in stock index futures in late trading on Thursday. Led by the December contract on the Footsie, the stock market's underlying index moved up quickly. But when the future contract lost heart, the stock market soon turned down and attempted rallies in the second half of the session proved of little avail.

The fear that falling sterling may refuel inflationary pressures was again reflected in strong gains in index-linked government bonds, which added around ½ of a point yesterday. Long-dated gilts continued to resist downward pressure, losing only ¼ point or so, while the shorts, although a touch easier, looked for a further cut in base rates soon.

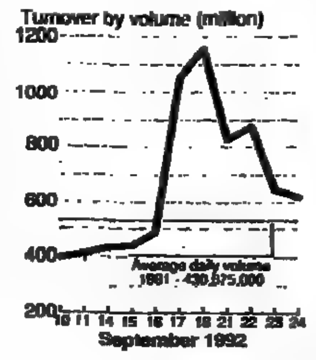
Seaq volume remained high at 693.3m shares, compared with 671.2m on Tuesday. Stock Exchange statistics disclosed that retail or customer business on Thursday was worth £1.4bn.

But, despite the recovery in retail business, the market continues to resound with complaints that the present quote-driven dealing system on the London stock market has become impossible to operate profitably and there are increasing pressures for a change to an order-driven system.

● Retail business in equities rose sharply this week as the reduction in UK base rates to 9 per cent encouraged hopes that rates are headed lower.

London SE volume

Turnover by volume (million)



Blow to telecoms stocks

NEWS that the UK Department of Trade and Industry (DTI) had granted the first licence to enable an outsider to compete in the international call traffic market against such companies as BT and Mercury (the telecoms division of Cable & Wireless) hit shares of both the big UK telecoms groups.

Cable & Wireless (C & W) shares were particularly unsettled and fell 32, or 5.2 per cent, to 582p, making the stock the third worst performer in the Footsie. Turnover in C & W was a heavy 5.6m shares. The stock was also affected by profit-taking after recent outperformance, dealers said.

Analysts said ACC, the US group, had been granted the first "simple international resale" licence, covering the UK and Australia, Canada and Sweden. Analysts said they did not expect any immediate reductions in earnings forecasts for C & W but that the ACC move would have a greater impact on C & W than BT because of C & W's higher revenue from its international business. "This is confirmation of the real impact of greater competition in the telecoms business," said one analyst.

BT shares, hit by recent reductions in earnings and dividend forecasts, dipped 6 more to 353½p on 5.7m traded. The decline was cushioned by optimism generated by the launch of a new marketing initiative – Lifetime – by its Cellnet cellular phone business.

Market enthusiasm for Lifetime, which offers a lower tariff to cellular customers, boosted sentiment in Securicor, the minority shareholder in Cellnet. Securicor "A" stock rose 5 to 559p. Vodafone, Cellnet's arch rival, settled 7 higher at 335p, still boosted by a broker's switch recommendation.

Granada wanted

Leisure and media group Granada continued its strong run following recent meetings with analysts. Yesterday, it was the turn of S.G Warburg and Carr Kitcat and Aitken to recommend the stock; the shares jumped 12 to 268p on hefty volume of 5.7m.

Sentiment was also improved by news that two directors had made substantial share purchases this week, prior to *Granada going into its closed season.* Chief executive Mr Gerry Robinson spent around £750,000 on 300,000 shares, while the head of Granada Television, Mr Charles Allen, bought a further 85,000 for £200,000.

Mr Jeffrey Harwood at Carr's said that Granada, which has been able to curtail expenditure on Sky TV and elsewhere in the group, is now "turning into a formidable cash generator."

Enterprise Oil and Lasmo attracted strong support early in the session, much of it said to have emanated from the US. Enterprise closed 6 higher at 412p, but Lasmo failed to hold on to an initial gain and settled a net 1½ off at 164p.

Dreadful quarterly figures from Continental Corporation, one of the big US insurance groups, were the trigger for a sharp upturn in the UK composite insurances. A reduced dividend and heavy losses resulting from Hurricane damage prompted insurance analysts to take the view that US insurance rates would have to be increased, thereby signalling a significant increase in international rates.

The prospect of higher premiums, plus the strengthening of the composites' balance sheets from the big gains in the equity market in recent sessions, saw share prices race higher.

Commercial Union, with its minimal exposure to domestic mortgage indemnity losses, ran up 16 to 535p, closely followed by General Accident, 12 firmer at 521p. Sun Alliance edged up 7 to 310p and Royal Insurance hardend to 185p, the last-named after exceptionally heavy turnover of 5.9m. Insurance brokers shared in the upsurge led by Willis Corroon which put on 20 to 208p and Sedgwick, 12 firmer at 145p.

US-led selling in the pharmaceutical sector continued, fuelled on Wall Street by disappointing data on a drug marketed by Merck. Smithkline retreated 13 to 481p, Wellcome 13 to 950p and Glaxo 9 to 770p.

Waste management groups suffered as Leigh Interests issued a profits warning due to a downturn in business. The shares collapsed 51 to 175p.

Several stocks in the transport sector were in demand. Among them, BAA moved 8 ahead to 715p, and P&O improved 3 to 395p. Tiphook gained 8 to 278p.

Shares in tobacco machinery maker Molins jumped 18 to 319p, after the company reported an improvement in interim profits from £6.8m to £7.2m, and raised the dividend by 50 percent to 4.5p. Investors favoured Vosper Thorneycroft, and the shares jumped 5 to 394p. Uncertainty following the early retirement of the chief executive at wire rope maker Bridon upset the shares and they closed 10 down at 48p.

Following a bear raid on Thursday, Allied Lyons came under renewed pressure as some trader's decided the brewery group's recent outperformance was overdone. The shares slumped 27 to 611p. A similar fate befell Whitbread, the 'A' shares falling 15 to 450p, with UBS Phillips and Drew said to be particularly negative. Meanwhile, Kleinwort Benson reinforced its buy stance on Greenalls, the shares climbing 9 to 394p. Food manufacturer Northern Foods continued a successful round of presentations to brokers. The shares put on 4 to 283p.

BZW advised clients to take profits in Tate and Lyle, the shares declining 18 to 342p. County NatWest was also targeting Tate's, reportedly advising a switch into United Biscuits, up 6 to 316p.

Abbey National moved up to 320p early in the session, still boosted by the BZW buy recommendation, but quickly ran out of steam and fell away to 311p, a net fall of 6. Barclays attracted fresh and sizeable buying interest, reflecting the substantial shift in sentiment in the sector since the UK withdrawal from the ERM and the cut in UK interest rates. Barclays shares settled 8 higher at 374p on 10m traded. NatWest, on the other hand, slipped 8 to 365p.

SG Warburg, a strong performer at the start of the week when the shares responded to the big increase in stockmarket activity and also to speculation of a possible merger involving the bank, eased 2 to 534p. Kleinwort Benson hardened 3 to 296p.

United Newspapers continued to bask in the glow of its well-recived interim results on Thursday, with several brokers producing positive notes on the publishing group. The shares added 5 to 430p. UBS Phillips and Drew, the UK based securities house, was said to be recommending clients switch into United out of Pearson, off 11 at 387p.

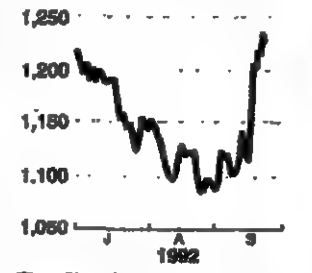
Solid results from Central Television sent the shares ahead 70 to 1445p. However, disappointing first half results from HTV knocked the share price by 14 to 27p.

The aerospace sector was particularly busy. Turnover in British Aerospace, which reported interim figures below the worst market expectations earlier this week, reached 6m in strong two-way business. The shares held up relatively well easing only a penny to 125p.

MARKET REPORTERS:
Joel Kibazo,
Steve Thompson,
Christopher Price.

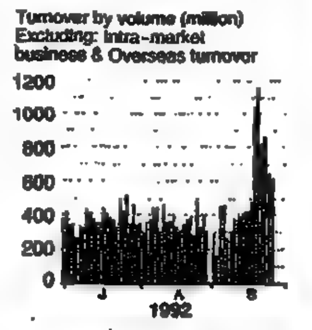
■ Other market statistics, Page 11

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding: intra-market business & Overseas turnover



NEW HIGHS AND LOWS FOR 1992

NEW HIGHS (92).
BRITISH FUNDS (22) Ex. 8¾pc '96, Tr. 8¾pc '96-99, Tr. 13¼pc '96, Ex. 12pc '98, Ex. 12¼pc '99, Tr. 10½pc '99, Cv. 10¼pc '99, Cv. 9pc '00, Tr. 14pc '98-01, Tr. 2pc IL '96, Tr. 4⅝pc IL '98, Tr. 2½pc IL '01, Tr. 2pc IL '03, Tr. 4⅜pc IL '04, Tr. 2pc IL '06, Tr. 2½pc IL '09, Tr. 2½pc IL '11, Tr. 2½pc IL '13, Tr. 2½pc IL '16, Tr. 2½pc IL '20, Tr. 2½pc IL '24, Tr. 4⅛pc IL '30, AMERICANS (6) Bell Atlantic, Houston, Lockheed, Southwestern Bell, US West, Verity, BANKS (4) Abbey Natl., HSBC, Lloyds, NatWest, BUILDING MATERIALS (1) St. Gobain, BUSINESS SERVICES (2) Salvesen (C), Wagner Havens, CHEMICALS (2) Croda, Engelhard, CONGLOMERATES (1) Bodycote, ELECTRONICS (5) Acorn Cmptr., GEC, Hoskyns, Racal, TDS, ENGINEERING GENERAL (2) Rotork, Vosper, FOOD MANUFACTURING (3) ESN, [illegible] (Br), Do (Reg), HOTELS & LEISURE (1) Jarvis, INSURANCE BROKERS (2) Alex. & Alex., Marsh & McLennan, INSURANCE COMPOSITE (8) American Gen., Aon, CU, FBD, Gen. Accident, Hibernian, INSURANCE LIFE (2) Lincoln Natl., Prudential, INVESTMENT TRUSTS (13) Brazilian Wts., EFM Japan Wts., First Philippine, Fleming American, GT Ventures, Do Wts., Independent, Kleinwort High Inc. Zero Pf., Malaysia Select., New Zealand Inv., Rights & Issues, Scot. Natl. Stppd. Pf., Second Market, MEDIA (5) Central TV, Reuters, Scottish TV, Telegraph, Ulster TV, MISCELLANEOUS (2) BAT Inds., Rothmans, OIL & GAS (1) Shell, OTHER FINANCIAL (1) Tyndall Aust., PACKAGING, PAPER & PRINTING (1) Carnaud Metalbox, PROPERTY (3) Dunloe House, Slough 8pc Cv '09, Wereldhave, STORES (3) Boots, GUS A, Next, TELEPHONE NETWORKS (1) Securicor, TRANSPORT (2) BAA, P & O 5½pc Prfd., MINES (1) Mount Burgess.
NEW LOWS (44).
BRITISH FUNDS (1) Tr. 8¼pc '17 A, BREWERS & DISTILLERS (1) Macdonald Martin A, BUILDING MATERIALS (1) Explaura, BUSINESS SERVICES (1) Boustead, CHEMICALS (1) Leigh Ints., ELECTRICALS (1) Maddox, ENGINEERING AEROSPACE (1) UMECO, ENGINEERING GENERAL (2) Torday & Carlisle, Widney, FOOD MANUFACTURING (1) Perkins, FOOD RETAILING (1) Cullen's, HEALTH & HOUSEHOLD (3) Haemocell, Paterson Zochonis, [illegible], HOTELS & LEISURE (6) Airbreak, Bristol Scotts, Queen Moat 7½pc Pf, Resort, Wembley, INVESTMENT TRUSTS (3) Grahams Rintoul, River Plate Wts., Throg. Dual Inc., MEDIA (8) Aegis 8¼pc Pf., Allied Radio, Anglia TV, Crown Comms., HTV, Yorkshire-Tyne Tees TV, MERCHANT BANKS (1) Brown Shipley, METAL & METAL FORMING (2) [illegible], Thyssen, MISCELLANEOUS (4) Abbeycrest, Hornby, Nu-Swift, Sinclair (Wm), MOTORS (3) European, Kwik-Fit, OIL & GAS (1) Lasmo Ops., OTHER FINANCIAL (1) Rutland, STORES (2) Era. Style, MINES (2) Elandsrand, Greenwich Res.

RISES AND FALLS YESTERDAY

	On Friday			On the week		
	Rises	Falls	Same	Rises	Falls	Same
British Funds	29	32	16	237	113	33
Other Fixed Interest	4	1	10	23	29	23
Commercial, Industrial	333	287	805	2,245	1,086	3,794
Financial & Property	217	94	491	1,500	342	2,168
Oil & Gas	25	17	43	140	76	209
Plantations	0	0	9	2	1	42
Mines	26	21	100	148	118	477
Others	49	27	38	226	147	193
Totals	683	479	1,512	4,521	1,912	6,939

FINANCIAL TIMES STOCK INDICES

	Sept 25	Sept 24	Sept 23	Sept* 22	Sept 21	Year Ago	1992 High	1992 Low	Since Compilation High	Since Compilation Low
Government Secs	89.79	89.78	89.77	89.31	89.20	87.28	90.11 (14/9)	85.11 (1/4)	127.40 (9/1/35)	49.18 (3/1/75)
Fixed Interest	104.50	104.50	104.43	104.08	104.60	96.84	106.46 (14/9)	97.15 (2/1)	106.35 (6/7/92)	50.53 (3/1/75)
Ordinary Share●	1914.0	1938.7	1901.8	1910.1	1887.8	2018.9	2149.7 (22/5)	1670.0 (1/9)	2149.7 (22/5/92)	49.4 (26/6/40)
Gold Mines	78.8	79.3	80.5	80.3	81.4	158.1	160.8 (10/1)	85.0 (10/9)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2601.0	2621.2	2560.5	2586.0	2560.1	2599.0	2737.8 (11/5)	2281.0 (25/8)	2737.8 (11/5/92)	986.9 (23/7/84)
FT-SE Eurotrack 200	1114.84	1121.06	1117.50	1118.32	1114.23	1169.39	1248.79 (11/5)	1029.56 (25/8)	1248.79 (11/5/92)	939.62 (16/1/91)
●Ord. Div. Yield	4.62	4.56	4.63	4.61	4.67	4.68				
●Earning Yld %(full)	6.73	6.65	6.75	6.72	6.81	7.50				
●P/E Ratio(Net)(☆)	18.83	19.05	18.77	18.85	18.60	16.63				
SEAQ Bargns 5.00pm	29,449	27,447	28,898	29,892	38,389	34,672				
Equity Turnover(£m)†	-	1417.8	1388.2	1965.4	1835.7	1008.94				
Equity Bargains†	-	30,976	32,878	34,051	43,589	34,923				
Shares Traded (ml)†	-	623.6	649.5	873.6	823.5	458.3				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35 Gold mines 12/9/55 Basis 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 200 26/10/90 ☆ Nil 17.47

Ordinary Share Index, Hourly changes Day's High 1964.5 Day's Low 1913.0

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1964.4	1947.3	1935.1	1922.7	1924.9	1929.7	1923.4	1921.5	1915.6

FT-SE 100, Hourly changes Day's High 2657.3 Day's Low 2601.0

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2656.8	2634.3	2617.6	2605.7	2614.5	2618.1	2610.5	2606.8	2605.6

FT-SE Eurotrack 200, Hourly changes Day's High 1121.59 Day's Low 1107.83

Open	10.30 am	11 am	12 pm	1 pm	2 pm	3 pm
1121.59	1120.82	1116.30	1117.22	1115.37	1112.49	1109.49

GILT EDGED ACTIVITY

Indices*	Sept 24	Sept 23
Gilt Edged Bargains	195.9	266.6
5 – Day average	211.4	205.1

*SE Activity 1974.
†Excluding intra-market business and Overseas turnover.

London report and latest Share index: Tel 0891 123001 Calls charged at 36p/minute cheap rate, 48p/minute at all other times

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change
ADT	21	388	-17	Comm. Union	2,300	535	+16	Lonrho	733	72	-1	Shell Transport	4,300	538	+3
ASDA Group	25,000	32½	+2½	Cookson	1,600	[illegible]	-3	Lucas	2,900	[illegible]	-5	Siebe	813	370	
Abbey National	2,800	311	-6	Courtaulds	1,900	517	-6	MB Caradon	744	203	-7	Slough Ests	2,300	104	-1
Albert Fisher	306	39	-1	Dalgety	851	429	-8	MEPC	1,620	276	+3	Smith (W H) A	798	459	
Allied-Lyons	2,700	611	-27	De La Rue	723	641	-1	Manweb	479	430	+16	Smith & Nephew	2,300	146½	-2½
[illegible]															

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down.

EQUITY FUTURES AND OPTIONS TRADING

THE GLOOMY outlook for the UK economy led to a downbeat session in trading in stock index futures, writes Joel Kibazo.

The market looked set for a strong day's business when the first trade in the December contract on the FT-SE was struck at 2,700. This however proved to be the session's high point – the contract then went into retreat and by mid-morning was trading some 15 points below its opening level as worries over the economy surfaced.

Sporadic buying around lunchtime helped bring about a brief rally in December before the sellers once again gained the upper hand. The poor performance on Wall Street only served to increase the downward trend in the contract.

December closed at 2,650, down 33 on its previous close and around 6 points above its estimated fair value premium to cash of about 40. Turnover was a reasonable 9,461 lots.

The volume in traded options reached 32,100 contracts. The FT-SE 100 option traded 10,848 lots. BP was the most active stock option, trading 2,129 contracts, followed by GEC at 2,048.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		10.000	10/02	105.8284	-	9.10	8.90	8.83
BELGIUM		8.750	06/02	100.9000	+0.200	8.60	8.62	9.02
CANADA *		8.500	04/02	105.0000	-0.800	7.75	7.64	7.43
DENMARK		9.000	11/00	96.9250	+0.775	9.55	9.25	9.75
FRANCE	BTAN	8.500	03/97	99.5323	+0.572	8.80	8.78	9.70
	OAT	8.500	11/02	100.5800	+1.780	8.40	8.58	9.13
GERMANY		8.000	07/02	103.4050	-0.185	7.49	7.44	7.89
ITALY		12.000	05/02	91.0350	-0.280	14.17†	13.96	13.77
JAPAN	No 119	4.800	06/99	100.3062	+0.051	4.74	4.84	4.70
	No 145	5.500	03/02	104.6828	+0.202	4.78	4.89	4.84
NETHERLANDS		8.250	09/02	102.8200	-0.080	7.82	7.88	8.31
SPAIN		10.300	06/02	85.4250	+1.025	13.00	12.48	12.70
UK GILTS		10.000	11/96	104-29	-5/32	8.55	8.91	9.98
		9.750	08/02	104-30	-13/32	8.98	9.01	9.58
		9.000	10/08	98-00	-17/32	9.24	9.02	9.26
US TREASURY *		6.375	08/02	99-26	+10/32	6.40	6.42	6.72
		7.250	08/22	98-23	+17/32	7.36	7.36	7.46
ECU (French Govt)		8.500	03/02	95.4500	+0.650	9.23	9.32	8.87

London closing, *denotes New York morning session. Yields: Local market standard. † Gross annual yield (including withholding tax at 12.5 per cent payable by non-residents.)
Prices: US, UK in 32nds, others in decimal. Technical Data/ATLAS Price Sources

FT-A INDICES LEADERS AND LAGGARDS

Percentage changes since January 2 1992 based on Friday September 25 1992

Water	+	30.99	All-Share Index	+	3.35
Banks	+	23.30	Packaging, Paper & Printing	+	2.94
Electronics	+	20.86	500 Share Index	+	2.87
Other Industrial Materials	+	20.34	Metals & Metal Forming	+	2.70
Media	+	18.96	Chemicals	+	2.24
Textiles	+	18.30	Consumer Group	+	1.29
Electricity	+	14.63	Conglomerates	+	0.23
Food Retailing	+	11.33	Investment Trusts	+	0.12
Other Groups	+	9.00	Business Services	-	0.89
Motors	+	8.52	Food Manufacturing	-	2.65
Transport	+	8.31	Electricals	-	5.44
Stores	+	8.03	Health & Household	-	7.53
Merchant Banks	+	7.27	Oil & Gas	-	8.15
Financial Group	+	7.12	Hotels & Leisure	-	10.45
Insurance (Life)	+	5.98	Engineering-Aerospace	-	13.86
Insurance (Composite)	+	5.11	Building Materials	-	14.10
Capital Goods	+	4.89	Insurance Brokers	-	24.74
Industrial Group	+	4.36	Contracting, Construction	-	27.03
Brewers & Distillers	+	4.22	Property	-	29.18
Engineering-General	+	3.58	Gold Mines Index	-	42.86
Telephone Networks	+	3.42			

COMMODITIES

WEEK IN THE MARKETS

Coffee perks up on pact optimism

THE COFFEE market moved ahead sharply on Monday as delegates to the International Coffee Organisation gathered in London for a crucial two weeks of talks about a new international pact.

London's November robusta contract broke through resistance at $800 a tonne to close at $816, up $40 on the day. Dealers cited French trade house buying and the breach of $800 which pointed to chart-inspired gains. New York arabica prices also advanced on Monday, partly on optimism about the ICO talks.

Throughout this week negotiations appear to have gone sufficiently well to attract the attention of the markets, which have got into the habit of expecting no progress at ICO meetings. Delegates took a big step forward in agreeing on the definition of the "universal quota" – the foundation of any future pact. They agreed that exporting members would send their coffee to all destinations "without distinction between importing member and non-member countries." This would eliminate consumer fears that a two-tier market could re-emerge, with producers selling surplus coffee cheaply to consumers outside the ICO.

The problems of regulating such a quota system have now become the focus of the negotiations. While traders and analysts generally concede that this week's talks have been positive, they are highly sceptical that an agreement will emerge next week. "They are making progress, But there are still huge stumbling blocks," said one trader.

Their feelings were echoed on Thursday by Mr Lewis Preston, president of the World Bank, who said in Washington that he was sceptical that any agreement could succeed in reviving the depressed coffee markets. He blamed the 50 per cent fall in prices since the ICO pact collapsed in 1989 on a fundamental imbalance between supply and demand.

His remarks certainly helped to dampen market sentiment, and the London November contract fell back below $800. Yesterday it closed at $804 tonne, up $6 on the day and $28 on the week.

The strength of the dollar and an increase in warehouse stocks of all metals on Tuesday helped to keep the lid firmly on London Metal Exchange prices. The apparent fading of the nine-month squeeze on the zinc market suggested that the market was experiencing a "return to reality", one analyst said.

In heavy trading on Wednesday zinc moved into contango, where the price of metal for immediate delivery is at a discount to the three-month price. At the end of the day cash zinc was $5 a tonne cheaper than three-month at $1,320.50.

Earlier this month the squeeze took three-month zinc to $1,398 a tonne, the highest level for 22 months. "It would take a massive investment (by those behind the squeeze) to get the market up there again," said Ms Lesley Campbell, trader at Rudolf Wolff, the metals broker. However, other analysts felt the squeeze could reappear before the year end.

LME WAREHOUSE STOCKS (As at Thursday's close) tonnes		
Aluminium	−3,300	to 1,368,150
Copper	+1,375	to 288,225
Lead	+4,700	to 165,075
Nickel	+378	to 45,612
Zinc	+2,525	to 357,875
Tin	−30	to 14,990

On Thursday the market moved into backwardation again and yesterday cash zinc closed $47 down on the week at $1,335 a tonne, $6 ahead of three-month metal.

Behind the squeeze are thought to be a small number of producers and one trader with control over about 1m tonnes of annual refined zinc – between 15 and 20 per cent of western world production.

The physical market is likely to be oversupplied by 100,000 tonnes this year and 150,000 tonnes next year, according to Mr Graham Deller, of Metals & Minerals Research Services. "There is no shortage of metal so the price should continue to fall until producers cut back."

Cominco – one of the world's biggest zinc producers – said this week it was seeking tax cuts to secure the future of the Trail smelter in British Columbia. The smelter, which has reported operating losses of C$98m over the last two years, produced last year 242,000 tonnes (about 5 per cent of western production).

Gold has tried again this week to move above $350 a troy ounce, spurred on by rumours on Tuesday of a realignment of the Exchange Rate Mechanism and by the dollar's weakness against the yen on Wednesday. But any movement near $350 continues to attract producer selling. Gold closed in London yesterday at $349.35, down $2.65 on the week.

In contrast, platinum has moved ahead, lifted by the rise in the New York futures market, where speculation on improved demand in Japan has emerged on the performance of the Nikkei stock index.

David Blackwell

CONTRACTS & TENDERS

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Init Chrge | Canc. Price | Bid Price | Offer Price | + or - | Yield Grs

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	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Grs
AIB Grofund American	5	129.4	130.7	137.6	+0.70	[illegible]
AIB Grofund Equity	5	182.8	184.5	195.3	-2.10	[illegible]
AIB Grofund Euro	5	137.5	139.3	146.9	+0.80	[illegible]
AIB Grofund Gilt	3	71.10	71.13	73.33	[illegible]	[illegible]
AIB Grofund Japan	5	118.5	119.7	126.8	[illegible]	[illegible]

AXA Equity & Law Unit Tst Mngrs (1200)H
Equity & Law Hse Corporation St, Coventry 0203 553231

[illegible]

Abbey Unit Tst Mngrs (1000)H
80 Holdenhurst Rd, Bournemouth 0345 717373

[illegible]

Britannia Life Unit Managers Ltd (1200)F
250 West George St, Glasgow G2 2PA 041-332 3132

[illegible]

Brown Shipley & Co Ltd (1000)F
9-17 Perrymount Rd Haywards Hth 0444 412xx

[illegible]

Brycourt Unit Tst Mgmt Ltd (1400)F

[illegible]

Confederation Funds Mngt Ltd (1200)F

[illegible]

Consistent Unit Tst Mgmt Co Ltd (1200)F

[illegible]

Co-op Pension Fds UT Mgrs Ltd (1000)F

[illegible]

Crown Unit Tst Services Ltd (1200)F

[illegible]

Dimensional Tst Mngmt Ltd (0900)F

[illegible]

Discretionary Unit Fund Mngrs (1000)F

[illegible]

Aberforth Unit Trust Managers Ltd (1600)F

[illegible]

Abtrust Unit Trust Managers Ltd (1200)H

[illegible]

Acorn Unit Trust Managers Ltd (1100)F

[illegible]

AEGON Unit Trusts Ltd (1400)F

[illegible]

AEtna Unit Trusts Ltd (1600)F

[illegible]

Allchurches Inv Mgmt Servs Ltd (1200)H

[illegible]

Allied Dunbar Unit Tsts PLC (1600)F

[illegible]

Arkwright Management (1400)F

[illegible]

B & C E Unit Trust Mngmt Ltd (1000)H

[illegible]

BSI-Thornhill Unit Trust Mgrs Ltd (1200)F

[illegible]

Baillie Gifford & Co Ltd (1400)H

[illegible]

Bank of Ireland Fund Mgrs Ltd (1600)F

[illegible]

Barclays Unicorn Ltd (1600)H

[illegible]

Baring Fund Managers Ltd (1200)H

[illegible]

Brewin Dolphin Unit Tst Mgrs Ltd (0905)F

[illegible]

MGM Unit Managers Ltd (1000)F
MGM House Heene Rd, Worthing
Dealing: 0277 261016 Enq: 0903 204631

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Grs
High Income	5	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
(Accum Units)	5	[illegible]	[illegible]	406.7	+3.0	[illegible]
UK Growth	5	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
(Accum Units)	5	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Int Equity Gth	5	49.85	49.93	53.11	[illegible]	[illegible]
Intl Bond	5	59.19	59.19	62.16	[illegible]	[illegible]
Special Sits Gwth	5	14.37	14.[illegible]	15.79	+0.07	[illegible]
North American Gwth	5	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
European Growth	6	53.32	53.60	57.02	[illegible]	[illegible]

Guide to pricing of Authorised Unit Trusts
Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The maximum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (▼) - 0001 to 1100 hours; (♦) - 1101 to 1400 hours; (▲) - 1401 to 1700 hours; (♣) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH. Tel: 071-379-0444.

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FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 36p/minute cheap rate and 48p/minute at all other times. To obtain a free Unit Trust Code Booklet ring (071) 925-2128.

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Sharp (Albert E.) & Co (1000)F						
Intl Bond & Conv	5	112.40	112.70	118.60	+0.90	6.20
Pooled Pension	3½	131.1	135.7	140.4	...	-
Smaller Cos	5	51.07	52.88	55.66	+0.38	2.93
UK General	5	105.10	106.70	112.30	+0.70	2.77
Sheppards Unit Trust Mngmt Ltd (1200)F						
1 White Hart Yard, London Bridge SE1 071 407 5966						
Income	5					5.95
Global Inc	5	48.20	48.20	51.18	+0.52	4.78
Brit Leaders	5	288.73	288.73			3.33
Intl Leaders	5	151.65	151.65	160.75	+0.80	2.04
Singer & Friedlander UT Mgmt Ltd (1000)F						
PO Box 224, Beckenham, BR3 4TF 081-663 3003						
European Trust	6	45.48	45.57	48.48	+0.48	2.28
Smaller Cos	5	108.1	112.7	119.8	+0.7	2.94
Smith & Williamson Unit Tst Mgrs (1600)F						
1 Riding House St, London W1A 3AS 071-637 5377						
S & W American	5	225.1	225.5	238.6	-3.4	1.01
S & W Capital	5	96.98	96.98	104.1	...	2.04
S & W Cash	0	100.18	100.18	100.18	+0.02	9.79
S & W European	5	99.35	99.56	105.9	+0.5	1.27
S & W Far Eastern	5	97.34	98.00	103.7	-0.2	0.07
S & W Growth	5	108.2	109.3	115.7	+1.1	1.66
S & W Income	5	92.26	93.53	98.96	+1.08	6.00
S & W Magnum	5	102.8	102.8	110.4	...	2.01
S & W Smllr Secs	5	234.3	240.9	254.8	+1.6	1.03
S & W Transatlantic	5	119.1	119.1	128.4	...	1.95
Whittingdale Unit Tst Mgmt Ltd (0830)F						
2 Honey Lane, London EC2V 8BT 071-600 0462						
Challenger	2¼	78.83	78.83	80.68	...	0.00
Short Dtd Gilt	1¼	101.1	101.1	102.4	-0.1	1.95
Gilt Income	4	48.68	48.68	50.66	+0.03	9.30
Gilt Growth	4	59.85	59.85	62.28	-0.18	0.00
City Reserve	0	54.59	54.59	54.59	+0.02	9.80
Woolwich Unit Trust Managers Ltd (1700)H						
1 White Oak Square, Swanley BR8 7AG 0705 388046						
Stockmarket Fd F	5	57.34	57.37	61.03	+0.02	2.79

OTHER UK UNIT TRUSTS

	Bid Price	Offer Price	+ or -	Yield Gross
Baillie Gifford & Co Ltd				
Int'l Exps Sep 16	530.6	547.5	...	1.27
James Capel Fund Managers Ltd				
Managed Exempt	114.04	120.13	+0.76	4.48
Cent. Bd. of Fin. of Church of England‡‡				
2 Fore Street, London EC2Y 5AQ 071-588 1815				
Inv Fund Aug 31	477.00	479.10	...	6.18
Fxd Int Sec Aug 31	140.60	143.25	...	10.27
Deposit Fund: See Money Market Trust Funds.				

Continued on next page

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Prolific Life & Pensions Ltd

Stramongate, Kendall, Cumbria LA9 4UB 0539 733733

Managed Fund see Balanced Growth Managed Fund

	Bid Price	Offer Price	+ or -	Yield Gross
Life Funds				
Balanced Grwth Mngd	583.3	620.6	+3.4	-
Adventurous Mngd	137.0	145.8	+1.2	-
Cautious Mngd	112.7	119.9	+0.4	-
Cash Fd	310.3	327.0	..	-
Property Fund	215.9	229.7		-
Equity Fund	657.4	699.4	+6.5	-
Fxd. Int. Fund	366.6	386.6	..	-
International	297.4	316.4	+2.2	-
High Income	513.8	546.7	+3.9	-
Far East	387.7	412.5	+1.2	-
North American	346.6	368.8	+3.0	-
Special Sits	482.0	512.8	+3.1	-
Technology	341.5	363.4	+2.8	-
Extra Inc Fd.	279.6	297.5	+2.2	-
Convertible & Gilt Fd	133.1	141.6	+0.5	-
American Income	232.3	242.1	+1.2	-
Gilt Fund 20	411.6	437.9	.....	-
European Fund	109.5	116.5	+0.4	-
Pref & Fixed Int.	99.7	106.1	-0.1	-
UK Blue Chip	105.4	111.1	+1.0	-
Recovery Fund	98.5	103.8	+0.5	-
Equity Income Dist.	93.6	99.6	+0.6	4.96
Managed Dist.	89.9	95.7	+0.3	5.28
High Yield Dist.	95.0	100.2	...	8.35
Pension Funds				
Balanced Gth Mngd Pens Acc	662.0	696.9	+4.0	-
Adventurous Mngd Pens Acc	138.5	145.8	+1.1	-
Cautious Mngd Pens Acc	128.3	135.1	+0.5	-
Building Soc. Acc.	355.8	374.6	...	-
Property Pens. Acc.	292.9	308.4	...	-
Fix. Int. Pens. Acc.	574.0	604.3		-
Equity Pens. Acc.	814.4	857.3	+3.9	-
International Pens Acc.	268.7	282.9		-
High Inc Pens Acc.	569.8	599.8	+5.2	-
Tech Pens Acc	233.3	245.6	+2.3	-
N American Pens Acc.	254.5	267.9	+2.4	-

Reliance Mutual

Reliance House, Tonbridge Wells, Kent 0892 510033

	Bid Price	Offer Price	+ or -	Yield Gross
Deposit Acc Fd	165.0	173.7	+0.1	-
Equity Acc Fd	364.0	383.2	+2.3	-
Managed Acc Fd	319.3	336.1	+3.3	-
Prop Fd (1st Issue)	-	547.5	.....	-
Prop Acc Fd (2nd Iss)	117.9	124.1	+1.9	-
Unit Trust Mn Fd	134.6	141.7	+1.4	-
RL Pension Funds				
Deposit Acc	238.1	250.6		-
Equity Acc	263.4	277.3	+2.2	-
Fixed Int Acc.	231.0	243.2	+3.5	-
Gilt Indx Lnk Acc	173.6	182.8	+7.3	-
Managed Acc	340.7	358.6	+9.3	-

J Rothschild Assurance PLC

J Rothschild House, Dollar Street, Cirencester

Telephone: 0285 640302 Helpline: 041 307 6500

	Bid Price	Offer Price	+ or -	Yield Gross
Life Funds				
JRA/M&G Managed	101.5	106.9	+0.50	-
JRA/Scottish Amicable Mngd	95.80	[illegible]	+0.70	-
JRA/St James's Place Mngd	103.3	108.8	+0.10	-
Deposit	98.30	103.5	.....	-
Far East	100.9	106.3	-1.20	-
Gilts	100.5	105.8	+0.10	-
Greater European	106.4	112.1	+0.60	-
North American	107.4	113.1	+0.80	-
UK Equity	99.70	105.0	+0.80	-
Pension Funds				
JRA/M&G Managed cap	98.50	103.7	+0.60	-
JRA/M&G Managed acc	100.8	106.2	+0.70	-
JRA/Scottish Amicable Mngd cap	93.20	98.20	+1.50	-
JRA/Scottish Amicable Mngd acc	95.40	100.5	+1.50	-
JRA/St James's Pl Mngd cap	103.9	109.4	+0.20	-
JRA/St James's Pl Mngd acc	106.4	112.0	+0.20	-

[illegible]

MANAGEMENT SERVICES

[illegible]

OFFSHORE INSURANCES

[illegible]

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

[illegible]

CANADA (SIB RECOGNISED)

[illegible]

GUERNSEY (SIB RECOGNISED)

[illegible]

GUERNSEY (REGULATED)

[illegible]

IRELAND (SIB RECOGNISED)

[illegible]

IRELAND (REGULATED)

[illegible]

ISLE OF MAN (SIB RECOGNISED)

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FT MANAGED FUNDS SERVICE

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	Bid Price	Offer Price	+ or -	Yield Gross
Gartmore Fund Managers (IoM)				
Intl. Inc *	15.6	16.5	+0.1	12.0
John Govett Management (IoM) Ltd				
Dlr Govett Curr Sep 18	$17.844			-
Paragon Plus Bnd Sep 1	£8.69			-
Paragon Stlg Bnd Sep 1	£10.06			-
SE Asian Wrt NAV Sep 24	$9.90			-
Govett Mgd Fxs Sep 25	£14.15	15.47		-
Govett Mngd Fxs Sep 25	$10.14	11.09		-
New Horizons Inv Sep 24	$32.58			-
New Horizons Inv Wrts Sep 24	$5.33			-
Dlr Govett Bd Sep 18	$8.55			-
IBI Global Funds Limited				
Intl Stlg Grwth	£18.57	19.56		-
Intl $US Grwth	$17.99	18.95		-
High Income Gilt	£24.60	25.50		-
International Equity	£18.52	19.51		-
International Bond	£20.97	21.74		-
Managed Currency	£26.22	26.49		-
Sterling Currency	£26.03	26.31		-
US$ Currency	$37.62	38.01		-
Irish £ Currency	I£14.85	15.01		-
Target International (Isle of Man) Ltd				
IMC Offshore Fd	£8.15	8.80		-
B.F. Offshore Inc Fd Ltd	£10.52	11.03		-
LFM Sterling Fd	£10.53	10.98		-

JERSEY (SIB RECOGNISED)

	Bid Price	Offer Price	+ or -	Yield Gross
INVESCO MIM International Limited				
All Funds deal daily except where indicated				
Sterling Denominated Income Funds				
American Equity Inc	£1.569	1.684	+0.014	2.77
Japan Inc & Grth	£1.319	1.415	+0.002	2.60
Sterling Denominated Growth Funds				
Capital Deposit	£37.28	37.29		-
European Perform	£0.4126	0.4437	+0.0019	-
Far East	£2.239	2.408	+0.006	-
Pioneer Markets	[illegible]	[illegible]	+0.003	-
UK Growth	£1.146	1.232	+0.010	2.35
£ Mng Portfolio	£1.456	1.574		-
US Dollar Denominated Growth Funds				
Gold & Prec Mtls	$0.686	0.738	+0.004	-
Japan Performance	$2.140	2.301		-
Gtd NW 1994	$8.99			-
MIM London Agents				
Apollo Fd Sep 23	SFr77.0	82.43		-
Lloyds Bank Trust Co (CI) Mngrs				
Dealing weekly on Thursday				1.34
Management International (Jersey) Ltd				
Anchor Gilt Edge	£9.60	9.65	-0.03	9.75
Minerals, Oils Res. Shrs. Fd. Inc.				
Mores Sep 24	$14.25	14.55		2.75
Nat. Westminster Jersey Fd. Mgrs. Ltd				
Sterling Income	52.8	55.0		8.50
UK Equity Fd	197.4	210.0		3.05
Intl Bond Fd	94.0	97.0		7.57
Natural Resources Fd	109.7	118.0		0.42
Sterling Mngd Asset Fd	502.2	529.0	+19	5.00

	Init Charge	Canc. Price	Bid Price
Disa Income Fund			
68 Blvd Petrusse, L 23220, Luxembourg			
DISA Income		R-	49
Eagle Star – Global Assets Fund			
5 Rue Aldringen L-1118 Luxembourg			
UK Equity		£-	1.294
N th Am Equity		£-	1.347
Japanese Equity		£-	0.954
Pacific Basin Equity		£-	1.257
European Equity		£-	1.129
Sterling Bond		£-	1.004
US Dollar Bond		£-	1.314
Japanese Yen Bd		£-	0.966
Deutschmark Bond		£-	1.142
Stlg Liquid Assets		£-	0.982
US$ Liquid Assets		£-	1.106
Japan Yen Liquid Assets		£-	0.942
D'mark Liquid Assets		£-	1.152
Global Managed		£-	1.452
European Bond		£-	1.627
All funds are denominated in Ecu. Sterling equivalent			

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)

JERSEY (REGULATED)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

	Bid Price	Offer Price	+ or -	Yield Gross
Austro-Hungary Fund Ltd				
NAV Sep 24	$6.53			-
Global Asset Management – Contd.				
Northfield International Ltd				
NAV Aug 31	$11.07			-
Odey Asset Management Limited				
Odey European Inc.	DM103.27			-
Old Ironsides International Ltd				
Old Ironsides Jul 31	$85.79			-
Omega Overseas Partners Ltd				
	$104.14			-
Optima Fund Management				
Wellington Fd Mngrs (Bermuda) Ltd				
Wells Fargo U.S. IT Fund				
Wells Fargo A Shs	$11.53		+0.04	-
Wells Fargo B Shs	$11.78		+0.02	-
Worldwide Limited				
NAV Aug 31	$92.37			-
Xiphias International Investment Fd Ltd				
Xiphias Inc USD	$1.0065			-
Xiphias Inc ECU	Ecu0.9780			-
Yamaichi Capital Mngmt (Guernsey) Ltd				
Thai Inv Fund	$11.91			-

MANAGED FUNDS NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % allow for all buying expenses. Prices of certain older insurance linked plans subject to capital gains tax on sales. Distribution free of UK taxes. Periodic premium insurance plans. Single premium insurance. Designated in Luxembourg as a UCITS (Undertakings for Collective Investment in Transferable Securities). Offered price includes all expenses except agent's commission. Previous day's price. Guernsey gross. Suspended. Yield before Jersey tax. Ex-subdivision. Only available to charitable bodies. Yield column shows annualised rate of NAV increase.

(**) Funds not SIB recognised. The regulatory authorities for these funds are: Guernsey: Financial Services Commission. Ireland: Central Bank of Ireland. Isle of Man: Financial Supervision Commission. Jersey: Commercial Relations Department. Luxembourg: Institut Monetaire Luxembourgeois.

WORLD STOCK MARKETS

US MARKETS
(3 pm)

September 25	US$	+ or −
AAR Corp	12	+¼
AMP Inc	60	−1⅛
AMR Corp	57¼	−⅞
ASA	35¼	−¼
Abbott Labs	27⅝	−1½
Acme Cleveland	6¾	
Advanced Micro	11¼	−½
Aetna Life	40¾	..
Affiliated Publ	10½	+⅛
Aflac	31	+½
Ahmanson (HF)	13¾	...
Air Prod & Chemical	44	...
Alberto-Culver B	23¼	−⅛
Albertson's	43½	−½
Alcan Aluminum	17½	−⅜
Alco Standard	34½	+⅛
Alexander & Alex	25⅞	+½
Alex & Baldwin	22¼	−½
Allegheny Power	46¾	+½
Allied Signal	52⅞	−1⅜
Aluminum Co of Am	65¼	−1⅞
Amax	17⅛	−⅛
Amdahl Corp	8⅞	−⅛
Amerada Hess	48⅞	−⅞
Amer Brands	46	−¼
Amer Cyanamid	55¼	−1⅝
Amer El Power	32⅝	−⅛
Amer Express	22	−⅛
Amer Genl Corp	49⅞	+⅛
Amer Greetings A	45	−⅜
Amer Home Pr	67⅛	−1¼
Amer International	101¾	+⅛
Amer Natl Ins	42¾	...
Amer Stores	38⅞	−⅛
Amer T & T	43¼xd	..
Ameritech	68⅛xd	+⅛
Ames Dept Stores	0.50	...
Ametek Inc	14⅝xd	−⅛
Amoco	52⅝	−¼
Analog Devices	10⅞	−⅛
Anheuser-Busch	53⅞	−⅛
Aon Corp	47⅛	+⅛
Apple Computer	45½	−⅜
Archer Daniels	24¾	...
Arkla	10½	−⅛
Armco	6⅛	−⅛
Armstrong World	28¼	−⅛
Asarco	24⅛	−¼
Ashland Oil	24⅞	−⅛
Atlantic Richfield	117⅛	−2¼
Auto Data Pro	47	+½
Autodesk	43½xd	−2¼
Avery Dennison	25⅛	−⅛
Avnet Inc	28⅞	−⅛
Avon Products	54¼	+⅛
Balmco Corp	6⅞	−⅛
Baker Hughes Inc	22	−1¼
Ball Corp	31⅛	−⅛
Bally	4.87	−0.25
Baltim Gas & El	22⅛	+⅛
Banc One	43¼	+⅛
Bandag	60xd	+3¼
BankAmerica	42⅝	−⅜
Bank of Boston	18⅞	−½
Bank of New York	41⅞	−¼
Bankers Trust N Y	63⅛xd	+⅛
Barclays plc ADR	26	+⅛
Barnett Banks	37¼	+⅛
Battle Mount Gold	6¼	...
Bausch & Lomb Inc	52⅛	−1
Baxter Intl	32	−2⅛
Becton Dickinson	73⅛	−2½
Bell Atlantic	48	−⅛
Bell Industries	9¾	...
BellSouth	51⅞	−⅛
Belo (A H) A	42	−¼
Beneficial Corp	61	+⅛
Bethlehem Steel	12	...
Betz Labs	54¼	−1
Beverly Enterprises	8⅞	−¼
Black & Decker	16⅛	−⅛
Block (H&R)	33	+⅛
Boeing	35¾	+⅛
Boise Cascade	19⅞	−⅛
Borden Inc	27	−⅛
Bowater Inc	19⅞	−⅛
Briggs & Stratton	46⅞	−¼
Bristol Myers Squibb	63¼	−2⅛
Brit Airways ADR	50⅞	+½
BP ADR	46	−⅛
Brit Steel ADR	10¾	−⅛
Brit Telecom ADR	61	−½
Broad Inc	21¾	−⅛
Brooklyn Union Gas	34⅞	−⅛
Brown Group	26xd	...
Brown & Sharpe	5⅞	...
Brown-Forman B	86¼	−½
Browning Ferris	24⅛xd	−⅛
Brunswick	13⅞	+⅛
Burlington Nthn	38¼	−⅛
CBI Inds	27⅜	...
CBS	210¾	−⅛
CMS Energy Corp	17¼	+⅛
CNA Financial	90	−1
CPC International	48⅛xd	−⅛
CSX	57	−¼
Cabot Corp	48¾	−⅛
Campbell Soup	40⅛	−⅛
Can Pacific	13¼xd	−⅛
Capital Cities ABC	453¼xd	−5⅛
Capital Holdings	58⅞	−2⅛
Carlisle Cos	42⅞	−⅛
Carolina Pwr & Lt	33⅛	+⅛
Carpenter Tech	46	−½
Carter Hawley	1.25	...
Caterpillar	51⅞	+⅛
Centel Corp	31⅞	−⅛
Centerior Energy	17⅛	...
Centex Corp	23⅞	−1⅛
Central & SW	28⅞	+⅛
Ceridian	14½	−⅛
Champion Intl	24⅞xd	−¼
Charming Shoppes	32⅛xd	−⅛
Chase Manhattan	22⅛	+¼
Chemical Bkg Corp	30⅞	+⅛
Chevron Corp	73⅝	−1
Chiquita Brands	17⅛	−⅛
Chris-Craft	28¼	...
Chrysler	21¼	−1½
Chubb Corp	82⅛xd	+2⅞
Cigna Corp	50⅛	−⅛
Cincin Milacron	14⅞	−⅛
Citicorp	15½	−⅛
Clark Equipment	19¾	−¼
Clevld Cliffs	34	−⅛
Clorox	43¼	−⅛
Coastal Corp	29⅛	−½
Coca Cola	41	−¼
Coca Cola Ent	12⅞xd	+¼
Colgate-Palmolive	56⅞	−⅛
Columbia Gas	19½	−⅛
Comcast Corp A	16¾	−⅛
Commerce Cl Hse	17¼xd	−1
Commonw Edison	23¾	...
Common Satellite	40⅝	+⅛
Compaq Computer	33½	−⅜
Computer Ass Int	14⅞	...
Computer Sciences	69⅝	−⅛
Conagra	30	...
Cons Edison	31	+¼
Cons Freightways	13¼	−⅛
Cons Nat Gas	46¼	−⅛
Cons Paper	40¼	−¼
Cons Rail	39¼	−1¼
Contl Bank Corp	16⅛	−¼
Contl Corp	24⅛	−⅛
Cooper Inds	52	+¼
Coors (Adolph)	19¼	−¼

September 25	US$	+ or −
Corestates Finl	50	−¼
Corning Inc	36⅛	−⅞
Crane	23⅝	...
Cray Research	25¾	.
Crown Cork & Seal	36¼	−⅛
Cummins Engine	67⅛	−⅞
Curtiss-Wright	29⅛	−⅛
Cypress Semicond	8¾	−⅛
Cyprus Minerals	31½	+½
DSC Commun	11	−½
DQE	31⅞	...
Dana Corp	38¼	−⅞
Data General	11⅛	+⅛
Dayton Hudson	69¼	−⅛
Deere	41⅞xd	−⅛
Delmarva Pwr & L	23	−⅛
Delta Air Lines	56½	−⅛
Deluxe Corp	42½	−¼
Detroit Edison	31⅛xd	−¼
Dial Corp Del	38⅛	+¼
Diebold Inc	54¼	−½
Digital Comms	15	−⅛
Digital Equipment	39⅞	+⅛
Dillard Dept St	36⅛	+⅛
Disney (Walt)	36⅛	−⅛
Dole Food Inc	30xd	−⅛
Dominion Res	38⅞	−⅛
Donelley (RR)&Sons	28⅞	...
Dover Corp	43⅝	−⅛
Dow Chemicals	55½	−⅛
Dow Jones	30¼	−⅛
Dravo Corp	7¼	...
Dresser	19⅞	−⅛
Dreyfus Corp	37	−⅜
Duke Power	35¼	+¼
Dun&Bradstreet	56⅞	−¼
Du Pont	47⅛	−⅛
E G & G Corp	21¾	+⅛
E-Systems	35¾	−⅛
Eastern Enterprises	24¾	−¼
Eastman Kodak	43¾	−1
Eaton Corp	76⅞	−⅛
Echlin Inc	19⅞	...
Emerson Electric	53½	−⅛
Engelhard Corp	45	+½
Enron Corp	46⅞	+⅛
Enserch Corp	15¼	−⅛
Entergy Corp	31	−⅛
Ethyl Corp	28⅛	+⅛
Exxon	63¼	−⅛
FMC Corp	44⅞	+1⅛
FPL Group	36	−⅛
Fedders Corp	3.87	...
Federal Express	36⅞	+⅛
Federal Mogul	15⅞	−⅛
Fed Nat Mtge	66	−⅛
Federal Paper Brd	27¼xd	−⅛
Fieldcrest Cannon	17	−⅛
Fina Inc A	66¾	−⅛
First Bank Systems	24⅞	+¼
First Chicago	32	−⅛
First Fid Bancorp	34⅛	−⅛
First Interstate	37¼	...
First Mississippi	8	−⅛
First Union Rlty	8⅛xd	−⅛
Fleet Finl Grp	27⅝	−⅛
Fleetwood Enterpr	32⅞	−⅛
Fleming Cos Oklah	30	−¼
Florida Progress	32¾	+⅛
Fluor Corp	43⅛xd	−⅜
Food Lion A	10	...
Food Lion B	10⅛	+⅛
Ford Motor	38¾	−1⅛
Foster Wheeler	29⅞	−1
Freeport McMoran	19⅞	...
Fund American Ent	70⅞	−⅛
GATX Corp	26½	...
GEICO Corp	53¼	−⅛
GTE Corp	33¼	−⅛
Gallagher (AJ)	27⅛xd	+⅛
Gannett	47⅝xd	+⅛
Gap Inc Del	30	−1⅛
Gencorp	11¼	−⅛
Gen Am Investors	28⅞	...
Gen Cinema	27⅛	−¼
Gen Dynamics	82¾	−1¼
Gen Electric	77⅛xd	−¼
Gen Mills	66	−1⅞
Gen Motors	31⅛	−1⅞
Gen Motors E	30¾	+⅛
Gen Motors H	22⅞	−¼
Gen Public Utilit	26⅞	−⅛
Gen Reinsurance	100⅛xd	−1¼
Gen Signal	53¼	−¼
Genuine Parts	29⅞	−⅛
Georgia Pac	52⅞	−1¼
Gerber Products	35¼	−⅛
Gillette	56⅛	−1⅛
Glaxo ADR	25⅝xd	−1⅛
Golden West Finl	37⅞	−⅛
Goodrich (BF)	42½	−1
Goodyear Tire	59¼	−2½
Grace (W&R)	37⅛	−⅛
Grainger (WW)	49½	−⅛
Great Atl Pac Tea	25⅞	−⅛
Great Western Finl	13⅞	−⅛
Grow Group	12⅛	+⅛
Grumman Corp	21⅞	+⅛
Gulf States Utl	16⅛	...
Halliburton	32½	−⅛
Hanna (M A)	25⅞	−⅛
Harnischfeger	18⅛xd	−⅛
Harris Corp	31⅞	−⅛
Harsco Corp	28⅞	−⅛
Hartmax	3.87	−0.13
Hasbro	33⅛	+⅛
Hecla Mining	9⅛	−⅛
Heinz (HJ)	38⅛xd	−⅛
Helmerich & Payne	26⅞	−⅛
Hercules	57	...
Hershey Foods	44½	−⅛
Hewlett Packard	57⅞xd	+¼
Hilton Hotels	45½	−1⅛
Hitachi ADR	63¼	...
Home Depot	55	−1⅛
Homestake	13¾	+¼
Honeywell	64½	−½
Hormel (Geo)	20¾	−⅛
Household Intl	51xd	...
Houston Inds	44⅞	...
Humana	20⅞	−⅛
IP Timberland	26⅛	−⅛
ITT Corp	64⅛	−⅛
Illinois Power	21½	+⅛
Illinois Tool	66½	−⅛
ICI ADR	82¾	−⅛
Imcera Group	35⅛xd	−1⅛
INCO	24⅞	−⅛
Ingersoll Rand	28¾	−⅛
Inland Steel	18⅞	+¼
Intel Corp	64⅞	−1⅛
Intergraph	14½	−⅛
Interlake	3.87	−0.13
IBM	82¼	−⅛
Intl Family Ent B	11	−⅛
Intl Flav & Fr	105⅛xd	−⅛
Intl Multifoods	26⅛xd	+¼
Intl Paper	63⅞	−2¼
Interpublic	30¼	−⅛
InterTAN	12⅛	−⅛
James River Va	18⅛xd	...
Jefferson Pilot	39⅝	−⅛
Johnson Controls	39	−½
Johnson & Johnson	47½	−3
K Mart	24⅝	−⅛
Kellogg	70½	−⅛
Kennametal	27½	...
Kerr-McGee	44⅞	−⅛

September 25	US$	+ or −
KeyCorp	32⅝xd	−⅛
Kimberly-Clark	53⅝	...
King World Prods	26¾	+⅛
Knight-Ridder	59⅝	+¼
Kroger	12	...
LSI Logic	6⅛	...
Legget & Platt	34⅞	−⅛
Leucadia Natl	62	−¼
Lilly (Eli)	63½	−2⅛
Limited Inc	22½	+⅛
LIN Broadcasting	72	−½
Lincoln Nat	66⅞	+¼
Litton	42½	−⅛
Liz Claiborne	38	...
Lockheed Corp	47	...
Loews Corp	119⅞	+2⅛
Lone Star	3	−0.13
Long Island Light	24½	−¼
Longs Drug Stores	34	−¼
Loral Corporation	35	...
Lotus Dev Corp	18¾	−⅜
Louisiana Land	38½	−⅞
Louisiana Pacific	48⅞	−⅛
Lowe's Co Inc	17¼	...
Lubrizol	29⅛	−⅛
MA Comm Inc	4.87	...
MCI Commun	34⅞	−¼
Mac Frugals Bargain	11⅞	...
Manor Care	19½	−⅛
Manville Corp	8¼	−⅛
Mapco Inc	58½	−½
Marion Merrell	25⅞xd	−⅛
Marriott	17⅜	+⅛
Marsh & McLennan	87½	−1⅛
Martin Marietta	57¼	+⅛
Masco Corp	26⅛	−⅛
Massmutual Corp	28½	−⅛
Mattel Inc	23½	−⅛
Maxus Energy	6⅝	−⅛
May Dept St	60¼	−⅛
Maytag Corp	13½	+⅛
McCaw Cellular	24	−¼
McDermott	22	+1
McDonalds	44¼	−⅛
McDonnell Douglas	37⅝	−1⅛
McGraw Hill	57⅛	+¼
McKesson Corp	37⅞	−⅛
Mead Corp	35¾	+⅛
Medtronic	94¼	−8
Mellon Bk	43⅞	−1⅛
Melville Corp	49¾	+⅛
Mentor Graphics	7⅝	−⅛
Mercantile Stores	31¼	−⅛
Merck Inc	42⅞	−3⅛
Meredith Corp	23¾	−⅛
Merrill Lynch	51⅛	−⅛
Mesa Inc	11⅞	−1
Microsoft	77¾	−2½
Millipore	32⅝xd	+⅛
Mine Safety Appl	43½	+⅛
Minnesota Mine	100⅛	−1⅜
Mobil Corp	64⅛	−1⅜
Molex Inc	36¼xd	+⅛
Monarch Machinel	9⅞	...
Monsanto	54⅝	−⅛
Morgan (JP)	61⅝xd	−¼
Morgan Stanley	49⅝	+⅛
Morrison-Knudsen	20¾	−¼
Morton Intl	56½	−⅛
Motorola Inc	85⅞	−1⅛
Multimedia Inc	24¾	+¼
Murphy Oil	37⅞	+¼
Nacco Inds	39	−¼
Nalco Chemical	38¼	−⅛
Nashua Corp	22	+⅛
NationsBank	42⅞	−⅛
Natl City Corp	43	−⅛
Natl Intergroup	11¾	−⅛
Natl Medical Ent	11¾	−⅛
Natl Semiconductors	11⅛	−½
Natl Service Ind	24¼xd	+⅛
NatWest Bank	37⅛	−⅜
Navistar Int	2	−0.13
NBD Bancorp	29⅞	−⅛
Network Systems	11¼	−⅛
Neutrogena Corp	21½	−⅛
New England Elec	34⅞	+¼
NY State El&Gas	31⅞	+⅛
NY Times A	28	+⅛
Newmont Mining	49¼	+⅛
Niag Mohawk	19⅞	−⅛
Nicor Inc	46½xd	−⅛
Nike B	76¾	−1⅛
NL Industries	6⅛xd	−¼
Noble Affiliates	19⅞	...
Nordstrom	28⅛	−⅜
Norfolk Southern	54⅞	−½
Northeast Util	26	+⅛
Nthn State Power	42¾	−⅛
Northrop	24⅛	...
Norwest Corp	37⅞	+⅛
Novo Inds ADR	90⅞	+⅛
Nynex Corp	82¼xd	−⅛
Occidental Pet	18	−⅛
Ogden Corp	18½	−½
Ohio Casualty	63¼	+⅛
Ohio Edison	22⅛	+⅛
Olin Corp	40	−⅛
Omnicom Group Inc	34¾	+⅛
Oneok Inc	16⅞	...
Oracle Systems	18⅞	−1⅛
Oryx Energy Co	24⅞	−⅛
Oshkosh B'gosh A	23⅛	+¼
Outboard Marine	18⅞	...
Overseas Ship	14½	−½
Owens Corning	31¼	−⅛
PHH Corp	37⅞	...
PNC Financial	49⅞	−⅜
PPG Industries	59¼	−1⅛
PSI Hldgs	18⅞	...
Paccar Inc	52¾	−1⅛
Pacificorp	22⅞	...
Pac Enterprises	17⅝	−½
Pac Gas & Elect	31¼	...
Pac Telecom	25	−½
Pac Telesis	43⅞	...
PaineWebber	17⅞	−⅛
Pall Corp	28⅞	−⅛
Panhandle Eastern	18½	−⅛
Paramount Commun	45	+⅛
Parker Drilling	5⅞	...
Parker Hannifin	29⅞	−⅛
Penn Central	19xd	...
Penney (JC)	70⅞	+⅛
Pennsyl Pwr & Lt	26⅞	−⅛
Pennzoil	53⅞	−⅛
People's Energy	30⅞xd	+⅛
Pepsico	37⅞	−⅛
Perkin Elmer	33⅞	+⅛
Petrie Stores	23⅞	−⅛
Pfizer	73⅞	−⅛
Phelps Dodge	47⅞	−⅛
Philadel Elec	25⅞	...
Philip Morris	85⅞	−⅜
Phillips Pet	27¼	−⅛
Phillips-Van Heu	25	−⅛
Pinnacle West Cap	19⅛	−¼
Pioneer Hi Bred	25⅞xd	...
Pitney Bowes	35½	...
Pittston	12⅞	...
Polaroid	31¼	−⅛
Policy Mgt Sys	75½	−⅛
Potlatch Corp	44¼	−⅛
Potomac El Pwr	26½	+⅜
Praxair	16	−⅛
Premier Indl	34⅞xd	...
Price Co	30¾	−⅛
Primark Corp	10⅝	−½

September 25	US$	+ or −
Primerica	43¾	−⅝
Procter & Gamble	48¼	−¼
Promus Cos Inc	36⅞	−½
Provident Life B	27⅛	...
Pub Serv E & G	27¼	...
Puget Sound Power	26⅝	−¼
Quaker Oats	62⅞xd	−¼
Quanex Corp	19⅞	−⅜
Quantum Chemical	12⅞	−⅜
RJR Nabisco	8⅞	−⅛
Ralston Purina	44⅞	−½
Rank Organsn ADR	10	...
Raychem Corp	39¼	−⅛
Raytheon	44⅛	+⅞
Reebok Intl	30⅛	.
Reynolds & Reyn A	44¼	...
Reynolds Metals	49⅛	−1⅛
Rite Aid Corp	21⅝	−⅛
Roadway Services	65¼	−1½
Rochester Gas&El	24¾	+½
Rockwell Intl	25½	+⅛
Rohm & Haas	54	+⅛
Rohr Industries	10⅝	−⅛
Rollins Inc	32	+⅛
Rouse	13¾	+⅛
Rowan	8	−¼
Royal Dutch	88	−⅛
Rubbermaid	32⅞	−⅜
Ruddick	16⅝xd	+½
Russell Corp	32½	−⅛
Ryder System	23¼	−½
Rymer Co	1.12	...
SPS Technology	19⅞xd	+⅛
Safeco Corp	52⅞	+1¼
Safety-Kleen	28	+⅛
St Paul's Cos	73¼xd	+1¼
Salomon Inc	36¼xd	+¼
San Diego Gas&El	24⅛	−⅛
Santa Fe S Pac	11¾	−⅛
Sara Lee Corp	56⅞	−⅛
Scecorp	46⅛	−⅛
Schering Plough	56¼	−3⅞
Schlumberger	65¼	−1⅞
Scientific Atlanta	27⅞	+⅛
Scott Paper	37⅞	−⅛
Scripps-Howard	44	...
Sea Containers	15⅞	−⅛
Seagate Tech	13¼	−¼
Seagram	28¼	−⅛
Sealed Power	15⅞	−1⅛
Sears Roebuck	41	−⅛
Sequa A	37	+⅛
Service Corp Int	17⅛	+⅛
Service Master	26⅞	−⅛
Shared Medical	21⅛xd	−⅛
Shell Trans	56¼	−⅛
Sherwin Williams	26¾	−⅛
Shoney's Inc	17⅞	−¼
Sigma Aldrich	49¾	+⅛
Skyline Corp	16⅛	−⅛
Smith Intl	8⅞	−1⅛
SmKline Bchm A	40⅞	−2⅛
SmKline Bchm Eq Uts	34¾	−2⅞
Snap-On-Tools	31½	...
Sonat	41⅞	−⅛
Sonoco Products	45	−¼
Sony Corp ADR	34xd	−¼
Southdown	10	...
Southern Co	37⅛	+¼
Southn New Eng Tel	34⅛xd	
Southwest Airlines	23½	−⅛
Southwestern Bell	66⅛	+⅛
Spring Inds	42⅛	−⅛
Sprint Corp	23⅞	...
Stand Bsns Paint	1.12	+0.13
Standard Products	29⅞	−⅛
Stanley Works	41	+⅛
Storage Technol	26⅝	−1⅛
Stratus Computer	43⅞	−½
Sun Company	24⅞	...
Sundstrand	33⅞	−⅛
Sun Microsystems	30⅞	−¼
Sunshine Mining	0.81	...
Suntrust	39½	−⅛
Supervalu	28½	+⅛
Syntex Corp	26⅛	−⅛
Sysco Corp	25	+⅛
T J X Cos Inc	21¼	−¼
TRW Inc	51¾	−¼
Tambrands	63⅛	−¼
Tandem Computers	11⅝	...
Tandy Corp	26⅞	−⅛
Tektronix	22	−⅛
Telecom Corp	1	...
Teledyne	18⅛	−⅛
Telmex ADR	42	−⅛
Temple Inland	46⅞	−⅛
Tenneco	35	−⅞
Tesoro Pet	3.50	...
Texaco	63	−1
Texas Instruments	43⅝	+⅛
Texas Utilities	41⅞	−⅛
Textron	35⅞	+¼
Thiokol	17⅛	−⅛
Thomas & Betts	66⅞	−⅛
Tidewater	19⅞	+⅛
Time Warner	24⅞	−⅛
Times-Mirror	33	+⅛
Timken	28¾	−⅛
Torchmark	50¼	+⅛
Tosco Corp	18⅛xd	−⅛
Total Pet N Am	5⅞	−⅛
Toys R Us	38¼	−⅛
Transamerica	42¾	−⅛
Transco Energy	17	−⅛
Travelers Corp	22⅞	+⅛
Tribune	44⅞	−1⅛
Tri Continental	28⅛xd	...
Trinity Inc Del	32⅛	−⅛
TRINOVA Corp	22¼	−⅛
Triton Energy	34	−2⅛
Tyco Labs	35⅞	−⅛
Tyler	4.87	...
Tyson Foods	21¼	+⅛
UAL Corp	112¾	−⅛
USG Corp	0.88	+0.06
UST Inc	31⅛	−⅛
USX Marathon	18⅞	−⅛
USX-US Steel	24⅞	−⅛
Unilever NV	110⅛	−⅛
Union Camp	44⅛	−¼
Union Carbide	13⅞	−⅛
Union Electric	36⅞	−⅛
Union Pacific	52⅞	−1⅛
Unisys Corp	9⅛	+⅛
USAIR Group	13¾	−¼
USF&G Corp	11	...
US Home	0.88	...
US Life	48	+⅛
US Shoe	10⅛	−⅛
US Surgical	61⅞	−3⅛
US Trust	46⅞	−⅛
US West	37⅞	−⅛
United Technology	47⅞	−⅛
Unocal Corp	26⅞	−⅛
Upjohn	33⅛	−1⅛
VF Corp	47½	−⅛
Valero Energy	25⅛	−⅛
Varian Associates	35⅞	−⅛
Varity Corp	21⅞	−⅛
Vornado	34⅞	−⅛
Vulcan Materials	40¼	−⅛
Wachovia	59	−½
Walnoco Oil	4	...
Walgreen	37½	−⅛
Wal-Mart Stores	58⅞	−1
Wang Labs B	0.44	...
Warner-Lambert	62¼	−2¼

September 25	US$	+ or −
Washingt Gas Light	38⅝	
Washingt Post B	237½	−1½
Waste Mgmt Inc	34⅞xd	−¼
Watkins-Johnson	9¼	..
Weis Markets	24¼	−⅜
Wellcome ADR	15⅞	−⅝
Wells Fargo	66⅛xd	−⅛
Wendy's Intl	12¼	.
West N America	5⅛	
Western Publ	19⅞	−⅛
Westinghouse El	16	−⅛
Westvaco	35¼	−½
Weyerhaeuser	34⅝	−⅜
Whirlpool	38¼	−⅛
Whitman	12⅝	...
Willamette Ind	33¾	−¼
Williams Cos	35	−⅝
Winn Dixie Stores	60¼	+1¼
Wisconsin Elec Pwr	26⅞	−¼
Woolworth	30⅞	−⅛
Worthington Ind	19¼	.
Wrigley (Wm) Jr	33¼	−½
Xerox	79¼	+⅛
Yellow Freight Sys	21⅞	−1⅞
Zenith Electronics	6⅛	−⅛
Zero Co	11¾	−¼

CANADA
(3 pm)

September 25	Can. $	+ or −
Abitibi	14¾	+¼
Agnico Eagle	6	+⅛
Air Canada	3.65	−0.05
Alberta Energy	16¼	...
Alberta Nat Gas	15⅛	...
Alcan Aluminium	21⅝	−⅛
Amer Barrick Res	38⅛	−⅛
BCE Inc	44⅞	−½
Bank of Montreal	45⅞	−⅛
Bank Nova Scotia	22⅞xd	−⅛
Bombardier B	12⅛	...
Bow Valley	11⅛	+⅛
BP Canada Res	14¾	+⅛
Bramalea	0.82	..
Brascan A	18½	−⅛
Breakwater Res	0.36	−0.02
Brit Columbia Tel	20⅛	...
Bruncor Inc	19⅝xd	...
CAE Ind	6xd	...
CT Financial	19⅛	...
Cambior	10⅞	+⅛
Cambridge Shop C	15⅞	+⅛
Cameco	15⅛xd	...
Can Imp Bank	27⅞xd	−⅛
Can Occidental	29⅞	+⅛
Can Pacific	16⅝xd	−⅛
Can Tire A	17⅛	−⅛
Can Utilities A	22⅛	−⅛
CanFor	27⅛	...
Central Capital	0.12	+0.02
Cineplex Odeon	2.95	..
Cominco	21⅞	...
Consumers Pack	0.92	...
Coscan Dev	4.60	...
CrownX	2.90	...
Denison Mines A	0.22	...
Dofasco	10⅛	+⅛
Dominion Textile	6⅞	...
Domtar	6⅝	...
Du Pont Can A	42	...
Echo Bay Mines	8	...
Emco	5⅛	...
FPI Ltd	3.45	...
Four Season Hotels	19⅛	−⅛
Galactic Res	0.09	..
Gendis Inds A	19⅛xd	...
Gulf Canada Res	5⅞	−⅛
Hawker Sidd Can	22	...
Hees Intl Bancorp	13	−⅛
Hollinger Inc	12⅛	...
Horsham Corp	10½	..
Hudson's Bay Co	27⅛	...
Imasco	37⅞	−⅛
Imperial Oil	46	−⅛
Inco	30¾	−¼
Int Murex Tech	8⅛	...
Interprov Pipe	25	...
Jannock	14⅞	−⅛
Kerr-Addison Mines	19¼	+½
Labatt	26¼xd	+⅛
Lac Minerals	8⅞	...
Laidlaw Trans A	9½	−⅛
Laidlaw Trans B	9⅛	−⅛
Laurentian	5⅞	...
Lawson Mardon A	10⅞	+⅛
Loblaw Comp	18⅛	−⅛
Maclean Hunter	12⅛	...
Macmillan Bloedel	17⅞	−⅛
Magna Intl A	30⅛xd	−⅞
Maple Leaf Fds	14¼	−⅛
Maritime T'graph	21¼xd	...
Metall Mining	13⅛	...
Minnova	16⅞	...
Mitel Corp	2.08	+0.02
Molson Cos A	31	−⅛
Moore Corp	20	−⅜
Natl Bk Canada	7⅞xd	...
Natl Sea Products	2.90	...
Noma Ind A	6⅛	−⅛
Noranda Mines	20	−⅛
Norcen Energy	22¼	+⅛
Northern Telecom	40¼	−1¼
Nova	8⅛	−⅛
Nowsco Well Serv	9½	...
Numac Oil & Gas	5¼	...
Oshawa A	23⅛	+⅛
PWA Corp	2.95	−0.05
Pagurian A	4.20	−0.15
Pan Can Pet	28⅛	−⅛
Placer Dome	13⅞	−⅛
Power Corp	15⅛	−⅛
Quebec Tele	18	...
Ranger Oil	8⅛	−⅛
Reed Stenhouse	30½	...
Repap Ent	3.75	−0.05
Rio Algom	16⅞	...
Royal Bnk Canada	24	−⅛
Royal Trust	5⅛	+⅛
St Lawrence Cem A	8⅛	...
Sceptre Res	0.68	+0.03
Scotts Hosp	13½	−⅛
Seagram	38	−⅛
Sears Canada Inc	6⅞	...
Shell Canada A	42¼	+⅛
SHL Systemhouse	9⅛	−⅛
Southam	17⅛	...
Spar Aerospace	17⅛xd	−⅛
Stelco A	2.05	−0.55
Teck Corp B	21⅞	...
Thomson Corp	13⅞xd	−⅛
Toronto Dom Bk	17¼xd	−⅛
Total Pet N Am	7⅛	...
Transalta	13¼	−⅛
Trans Can Pipe	18xd	−⅛
Trimac	8⅛	+⅛
Trizec A	4.70	−0.15
United Dominion	10¾	...
Univa	7⅞	+⅛
Westcoast Energy	17	−⅛
Weston (George)	37	...

INDICES

NEW YORK

DOW JONES	Sep 24	Sep 23	Sep 22	Sep 21	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
Industrials	3287.87	3278.69	3280.85	3320.83	3415.21 (1/6)	3172.41 (2/11)	3413.21 (1/6/92)	41.22 (2/7/32)
Home Bonds	102.84	102.81	102.98	103.07	103.20 (18/9)	98.41 (20/3)	103.20 (18/9/92)	54.99 (1/10/81)
Transport	1287.85	1274.79	1287.65	1295.70	1467.68 (20/2)	1204.40 (26/8)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	218.70	218.08	218.52	220.08	225.59 (3/11)	200.74 (8/4)	236.23 (2/1/90)	10.50 (8/4/32)

DJ Indl. Day's High 3310.84 (3302.19) Low 3267.07 (3252.48) (Theoretical)
Day's High 3294.90 (3287.33) Low 3277.88 (3265.18) (Actual)

STANDARD AND POOR'S

	Sep 24	Sep 23	Sep 22	Sep 21	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
Composite †	418.47	417.46	417.14	422.14	425.27 (14/9)	394.50 (8/4)	425.27 (14/9/92)	[illegible] (1/6/32)
Industrials	493.39	491.89	492.61	498.91	503.30 (14/9)	470.91 (8/4)	503.30 (14/9/92)	3.62 (21/6/32)
Financial	35.47	35.07	35.11	35.47	36.66 (3/8)	32.40 (8/4)	36.66 (3/8/92)	8.64 (1/10/74)
NYSE Composite	229.98	229.42	229.48	231.89	233.73 (14/9)	217.92 (8/4)	233.73 (14/9/92)	[illegible] (25/4/42)
Amex Mkt. Value	380.94	379.91	380.99	382.72	418.99 (12/2)	374.04 (26/6)	418.99 (12/2/92)	29.31 (9/12/72)
NASDAQ Composite	585.93	582.96	583.00	588.58	644.92 (12/2)	547.84 (26/6)	644.92 (12/2/92)	54.87 (31/10/72)

	Sep 18	Sep 11	Sep 4	year ago (approx.)
Dow Industrial Div. Yield	3.10	3.12	3.15	3.04

	Sep 23	Sep 16	Sep 9	year ago (approx.)
S & P Industrial div. yield	2.68	2.63	2.64	2.73
S & P Indl. P/E ratio	27.57	27.77	27.46	21.15

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day
AT & T	7,324,100	43¼	− ¼
Merck	7,063,300	45⅞	− 1⅛
Unisys	4,388,600	9⅛	+ ⅛
Gen Motors	3,046,200	33	+ ⅞
RJ Nabisco	2,851,500	9	+ ⅛
Banc Lat	2,524,200	22	.
Glaxo	2,364,500	26⅞	− ½
Coca Cola	1,945,800	41⅞	+ ⅝
Continental	1,892,000	24⅛	− 6
IBM	1,596,300	82⅛	− 1⅛

TRADING ACTIVITY

† Volume (Millions)	Sep 24	Sep 23	Sep 22
New York SE	187.770	204.350	186.990
Amex	13.004	10.099	12.302
NASDAQ	180.688	193.243	204.919
NYSE			
Issues Traded	2,324	2,327	2,307
Rises	933	780	537
Falls	754	947	1,200
Unchanged	637	600	570
New Highs	44	29	40
New Lows	34	45	44

CANADA

TORONTO	Sep 24	Sep 23	Sep 22	Sep 21	1992 HIGH	1992 LOW
Metals & Minerals	2922.04	2914.57	2900.21	2934.56	3238.87 (16/1)	2828.26 (8/4)
Composite	3410.61	3404.40	3402.80	3420.00	3666.00 (16/1)	3318.10 (8/4)
MONTREAL Portfolio	1768.82	1770.34	1766.68	1775.37	1937.59 (16/1)	1727.04 (8/4)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable. ◆ The DJ Indl. Index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's).

	Sep 25	Sep 24	Sep 23	Sep 22	1992 HIGH	1992 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1496.4	1507.2	1505.0	1520.8	1684.50 (22/5)	1478.90 (9/9)
All Mining (1/1/80)	664.7	666.6	668.5	674.7	726.80 (3/7)	652.40 (9/9)

WORLD STOCK MARKETS

EUROPE

Heavy futures trading lifts Paris bourse

BOURSES were mixed at the end of a careworn week, *writes Our Markets Staff.*

PARIS saw heavy trading on the futures market give a lift to equities, and a steadier franc also helped to encourage sentiment. The CAC-40 index closed 14.03 higher at 1,843.53, down 2 per cent on the week. Turnover was some FFr2.2bn.

A downgrade left Total down FFr7.60, or 4.6 per cent at FFr219.40 in volume of some 7000,000 shares and led to the oil group issuing a statement just before the close in which it disputed the reasons for the recommendation. The note, from a UK broking house, cut the forecast for 1992 earnings by 8 per cent.

Havas lost FFr23 to FFr431 on disappointing interim results from subsidiaries, while Peugeot was down FFr12 at FFr575 following poor earnings figures from Fiat. Michelin improved FFr5.00 to FFr206.50.

Bancaire lost FFr30.50, or nearly 8 per cent at FFr356.00 in the absence of corporate news, although some switching into Sovac was noted as the Lazard group subsidiary saw a rise in first half profits. Its shares gained FFr19 to FFr799.

FRANKFURT extended the trends of a depressing week, with six DAX stocks hitting new lows for the year, Daimler Benz matching an earlier low, and weakness in carmakers, chemicals, engineering and steels, in particular, relieved only by continued relative strength in the banking sector.

The DAX index fell 17.58 to 1,513.36, 4.8 per cent down on the week and 3 per cent above its August low. German stock market turnover fell from DM5.1bn to DM4.6bn.

At Merck Finck in Düsseldorf, Mr Matthias Welticke said that Germany was the main loser from the way currencies have moved in Europe and that it would take additional, and early interest rate cuts from the Bundesbank (unlikely now that the franc has stabilised) to change the mood of the bourse.

MILAN reacted to Fiat's first half profit fall and a profit warning from Stet, the telecoms combine. The Comit index fell another 5.52 to 361.60, 3.7 per cent lower on the week.

Fiat responded to its 54 per cent fall in first half profits with a fix 4.7 per cent down at L3,448 before recovering slightly in kerb trade to L3,485. Stet's warning of flat profits this year left it L58 lower at the fix, and L44 down at L1,417 after hours.

ZURICH ended steadily, the SMI index rising 0.6 to 1,909.8 and underlining this week's consolidation, with a gain of 0.7 per cent, following last week's 4.7 per cent advance.

AMSTERDAM eased as DSM's fall continued. The CBS Tendency index finished 0.9 lower at 112.2, a 1.2 per cent decline over the week.

The chemical group was hit by a number of downgrades following an analysts meeting on Thursday. The shares closed down Fl 2.70 at Fl 93.50. Its fellow chemical group, Akzo, eased Fl 1.70 at Fl 144.00. Elsevier went against the trend rising Fl 1.60 to Fl 111.20.

MADRID recovered some ground as buyers re-emerged following Thursday's steep fall. The general index gained 1.62 to 199.77, after a intraday low of 195.64, fall of 7 per cent on the week.

There was a feeling that the rally in the French franc may have removed some of the pressure for a further peseta devaluation. The construction sector, which has seen some of the heaviest falls recently, was slightly firmer.

STOCKHOLM stumbled over falling building and property shares and the Affärsvärlden General index dropped another 11.0 to 697.90 to end the week 8 per cent down in moderate turnover of SKr456m.

The property company, NCC, saw its B shares down SKr3, or 23 per cent to SKr10 following news that the Globen City consortium in which it participates has halted its interest repayments. Meanwhile, Sweden's biggest construction and property group, Skanska, saw its B-restricted shares fall for the 11th consecutive day, this time by a further SKr4, or 9.5 per cent to SKr38.

Elsewhere, bad news, or the expectation of it, left Volvo B down SKr8 to SKr256 and Electrolux B SKr13 lower at SKr178.

BRUSSELS saw relatively quiet pre-weekend trade as the Bel-20 Index lost 3.52 to 1,118.06, down 1 per cent on the week. Banks were a feature with Générale de Banque climbing BFr50 to BFr7,100.

FT-SE Eurotrack 100 - Sep 25

Hourly changes

Open	10.30am	11 am	12 pm	1 pm	2 pm	3 pm	close
1036.76	1036.13	1034.14	1035.46	1036.59	1034.14	1034.87	1035.63

Day's High 1037.19 Day's Low 1032.50

Sep 24	Sep 23	Sep 22	Sep 21	Sep 18
1041.31	1043.77	1044.34	1050.48	1070.05

Base value 1000 (26/10/90).

KUWAIT's stock exchange reopens on Monday after a two-year closure forced by the Iraqi invasion and the state's subsequent economic and financial dislocation, *writes Mark Nicholson, Middle East Correspondent.* Shares in 31 companies, including five non-Kuwaiti groups, will be traded during a 2½-hour opening session. The market, which was capitalised at just over $3bn before the Gulf war, is not expected for several months at least to reach even the lowest pre-war daily turnover, which ranged between $17m and $35m.

Singapore slumbers in mood of despondency

The market is in the slow lane writes **Kieran Cooke**

Brokers are a breed not known for shyness. But in Singapore these days market analysts are reluctant to talk, at least publicly.

The coyness is due to an ongoing investigation by the island republic's Internal Security Department into how second quarter growth figures were leaked to a local newspaper in advance of official disclosure. Brokers, as well as journalists and civil servants, have been among those questioned.

"It was difficult enough to sell Singapore stocks before this happened" said one broker. "The market will come back eventually but now it is all pretty grim."

From a year high at the end of January of 1,546, the Straits Times Industrial Index (STI) has lost nearly 12 per cent so far this year and at one stage at the end of August plunged below the 1,300 mark, seen as a danger level by many locals. A slight, short-lived rally earlier this month did little to lift the overall mood of despondency.

In trading yesterday the STI put on 14.43 to 1,339.75 in volume of 62.5m shares.

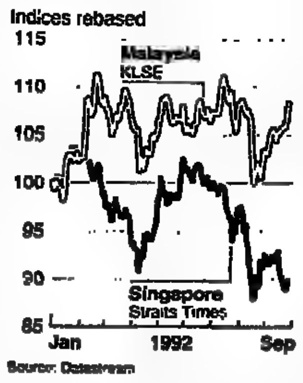
Singapore continues to seem lethargic in comparison with the performance of other regional markets. Not so long ago Singapore vied with Hong Kong for regional market supremacy. But over the past year trading volumes in the island republic have stagnated at about $100m per day while Hong Kong's have soared to more than $700m per day.

With a recent spate of large privatisations in Malaysia, Singapore has also lost its position as number one bourse in south-east Asia to Kuala Lumpur, where total market capitalisation is now almost double the island republic's.

Ask why Singapore has been such a laggard and market analysts scurry round for definitive answers. The government remains highly sensitive to any criticism of economic performance. Though the controversial second quarter growth figures, at 4.7 per cent, were lower than anticipated, overall performance is still creditable, given that Singapore's main export markets are simultaneously in the economic doldrums.

Interim company profits, particularly of Singapore's four big banks and the shipyards which together tend to dominate the market, were, like the official growth figures, generally lower than expected.

Indices rebased



Source: Datastream

There is concern about excess liquidity in the system, and the government's strategy in accumulating massive savings. A widening gap between wage and productivity growth and the rise of the Singapore dollar against its US counterpart are seen as factors which could seriously effect export competitiveness.

"Nothing specific is driving equities down; it's just that there is a general lack of interest in the market here at the moment," said one broker.

"It's not really a question of which stock to sell, more a general 'sell Singapore' sentiment. When news of the second quarter figures came out, many foreign fund managers used them merely as an excuse to clear out of Singapore and go elsewhere."

It is estimated that foreign investors account for more than one half of the volume traded on the Singapore exchange. At one time, being involved in the Far East meant having a substantial presence in Singapore stocks.

Not any more. Investors can now pick and chose from the region's newly emerging markets. These often offer more excitement and volatility than Singapore, which is perceived by some as over-regulated and a trifle dull by comparison.

There is no doubt that a large amount of funds have been taken out of Singapore, and have been invested in Hong Kong. Money has also gone north to Bangkok and Kuala Lumpur.

Malaysian stocks once accounted for about 40 per cent of the Singapore market's total capitalisation. Kuala Lumpur's break with the Singapore exchange in 1990 was a severe blow to the island republic

Moves by the KL exchange to go for paper-free trading next year are likely to dampen activity further. Analysts say that locals, who at one time would have played the market even during its quiet periods, are staying away: having caught the prevailing nervousness about the economy, they are sitting on their money, or also moving funds elsewhere.

The government has been criticised for its tardiness in bringing state companies to the market. The government's answer is there is no need to rush when these companies, in contrast to the case in most other countries, are already well-run and profitable enterprises.

Brokers are hoping that the government will stick by its undertaking to float the telecommunications utility, Singapore Telecom, next year and so bring some much needed excitement to the market.

For the time being, Singapore seems resigned to the fact that its old rival, Hong Kong, is stealing the stock market show. Analysts feel that when the steam has gone out of the Hong Kong market and once fund managers – nowadays acknowledged to be a less conservative, more risk prone breed – have suffered a few market bruises, then Singapore, offering steady if unspectacular long term growth, will come back into fashion. When that will be is the big question.

AMERICA

Economic and election uncertainty hit Dow

Wall Street

MORE BAD economic news and renewed uncertainty about the election battle left US share prices markedly lower across the board yesterday morning, *writes Patrick Harverson in New York.*

By 1 pm the Dow Jones Industrial Average was down 36.74 at 3,251.13, at its lows for the morning. The more broadly based Standard & Poor's 500 was also lower at midsession, down 4.34 at 414.09, while the Amex composite shed 1.39 at 379.55 and the Nasdaq composite fell 6.71 to 579.22. Turnover on the NYSE was 128m shares by 1 pm.

Although bond prices staged a strong recovery, and yields fell, a series of poor economic news set the tone for a weak opening to trading. The biggest surprise was the 0.1 per cent decline in August durable goods orders, which followed a big rise in July and defied analysts' expectations of a similar increase for August.

Particularly worrying was the decline in unfilled orders, which hit a new five-year low. Until backlogs begin to increase again, companies will not hire new workers, said analysts.

The latest data on personal spending showed that it had fallen by 0.1 per cent in August, alongside a 0.5 per cent drop in personal income. Those figures, plus a 3.2 per cent drop in August existing home sales, hit market sentiment hard, and prompted concerted selling.

Among individual sectors, drug stocks were affected by the latest press reports on government plans to introduce new regulations to control rising healthcare costs. Investors fear the regulations could reduce corporate profits. Leading the way lower were Merck, down $2⅝ at $43⅛, Schering-Plough, $3⅛ lower at $56⅝ in spite of a broker's upgrade, Pfizer, down $4¼ at $74⅛, Bristol Myers-Squibb, $2⅝ lower at $63⅛ and Johnson & Johnson, $3⅛ weaker at $47⅝.

Insurance stocks were mixed after Thursday's hectic gains, which were inspired by hopes that losses from Hurricane Andrew could end the property and casualty insurance industry's price slump and drive rates higher.

AIG added to its gains, rising another $1⅛, as did Travelers up $⅝ at $22⅞. SCOR US rose $2¼ to $16¼ after announcing that it would take an 89 cents a share charge in the third quarter to cover hurricane losses, but reassuring investors that overall earnings would be positive. Aetna held almost steady, edging just $⅛ higher to $40⅞, but General Re succumbed to profit-taking, dropping $1⅝ to $100⅞.

Medical Care America plunged $30 to $28 after the company warned that third quarter earnings would be comparable with the 45 cents a share earned a year ago after one-time charges of 44 cents a share.

Canada

TORONTO followed Wall Street's lead after the negative US economic figures for August, bonds rising and equities falling. The TSE 300 Composite index fell 29.06 to 3,381.55 in volume down from 14.86m shares to 11.93m.

The most active stocks were all fallers in banks and industrials, Laidlaw B losing C$⅛ to C$9⅛, Royal Bank of Canada falling by the same amount to C$24⅛ and Canadian Imperial Bank by C$⅝ to C$28.

SOUTH AFRICA

JOHANNESBURG remained firm ahead of the weekend, but most of the gains were seen as window-dressing of portfolios. Industrials rose 20 to 4,201 and the overall index 19 to 3,209. The gold index advanced 7 to 914.

ASIA PACIFIC

Nikkei closes lower on profit-taking

Tokyo

PROFIT-taking and arbitrage-related index selling depressed share prices as investment trusts moved to realise profits ahead of the September interim book closing, *writes Emiko Terazono in Tokyo.*

The Nikkei average closed down 315.19 at 18,394.76, falling for the first time in four trading days. It hit a high of 18,610.85 in the morning but remained lower throughout most of the day, dipping to a low of 18,393.96 just before the close.

Volume eased from 376m shares to 350m. Declines outpaced advances by 543 to 443 with 139 unchanged, the Topix index of all first section stocks fell 9.65 to 1,371.53 and, in London, the ISE/Nikkei 50 index eased 0.37 to 1,096.49.

Institutional investors stayed inactive as dealers liquidated positions ahead of the weekend. Activity centered on speculative trading by individuals.

Despite yesterday's fall, traders said that underlying sentiment remained firm on hopes that an inflow of public funds into the equity market, expected early next week, will support shares.

Itoman, the Osaka based textile trader, fell Y14 to Y124. Investors rushed to place sell orders in Itoman after the announcement that five Itoman shares will be exchanged for one share of Sumikin Bussan, which is unlisted, and the shares fallen by 64 per cent since last Friday's merger announcement.

Mitsui Mining & Smelting, the most active issue of the day, fell Y4 to Y519 on profit taking. Nippon Mining, on the other hand, rose Y10 to Y513 on individual buying.

Export-oriented high-technology issues were easier on fears of the rise in the yen hurting profits. NEC lost Y20 to Y731 and Fujitsu fell Y10 to Y600.

In Osaka, the OSE average fell 32.83 points to 19,790.07 in volume of 21.9m shares.

Roundup

THERE was a relatively lacklustre performance among the region's markets yesterday.

HONG KONG rebounded on bargain hunting by local and Chinese investors, but Cheung Kong and Hutchison Whampoa both slid on a rumour that Li Ka-shing was trimming Cheung Kong's stake in Hopewell Holdings through a private placing.

Cheung Kong fell 40 cents to HK$21.20, Hutchison 10 cents to HK$15.40 and Hopewell 2.5 cents to HK$4.975 as the Hang Seng index ended 27.43 higher at 5,686.16, virtually flat on the week.

AUSTRALIA continued to fall on worries about Westpac's rights issue which was not fully subscribed. The All Ordinaries index closed 10.8 lower at 1,496.4, a decline of 1.8 per cent over the week. Turnover was A$296m.

The banking index closed 29.1 lower at 2480.9 with Westpac striking a day's low of A$2.79 before regaining some ground to close down 5 cents at A$2.86 with 5.6m shares traded.

KUALA LUMPUR advanced strongly, helped by lower interest rates and encouraging economic news.

The composite index closed up 8.09 at 602.06, up 2.5 per cent on the week.

BANGKOK finished weaker due to losses in major property stocks. The SET index ended down 4.44 at 859.17 in turnover of Bt14.34bn. The market was 2.8 per cent stronger on the week.

Bangkok Land, which has Thailand's biggest equity capitalisation, lost Bt8 to Bt138 in turnover of Bt796.9m.

MANILA settled slightly higher in quiet trading on bargain-hunting. The composite index gained 3.19 to 1,389.61 in turnover of 340m pesos, down 2.2 per cent on the week. PLDT rose 5 pesos to 970 pesos with some 51m shares traded.

TAIWAN lost ground again as the weighted index closed 67.98 lower at 3,472.50, still 1 per cent higher on the week.

SEOUL drifted higher in featureless trading on afternoon institutional buying, a 2.22 rise to 525.57 leaving the composite index with a week's loss of 1.8 per cent.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

BRITISH FUNDS - Cont.

OTHER FIXED INTEREST

[illegible]

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY SEPTEMBER 24 1992								WEDNESDAY SEPTEMBER 23 1992					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1992 High	1992 Low	Year ago (approx)
Australia (68)	128.09	+0.2	111.09	97.69	98.99	117.74	+0.1	4.16	127.83	110.93	97.04	99.79	117.58	153.68	124.36	150.99
Austria (19)	159.18	−0.4	138.05	121.40	123.02	123.30	−0.8	2.37	159.82	138.69	121.34	124.76	124.27	186.70	139.27	181.53
Belgium (42)	141.66	+1.3	122.86	108.03	109.48	107.07	+0.5	5.75	139.82	121.33	106.14	109.14	106.55	152.27	135.87	127.53
Canada (114)	121.87	−0.1	105.69	92.94	94.18	109.60	−0.1	3.21	121.95	105.82	92.58	95.19	109.72	142.12	121.87	135.09
Denmark (33)	198.93	+0.6	172.52	151.71	153.73	156.18	+0.0	1.82	197.68	171.54	150.08	154.32	156.14	273.94	196.78	254.14
Finland (15)	53.80	+1.8	46.66	41.03	41.58	52.64	+0.5	2.67	52.84	45.86	40.12	41.25	52.57	89.80	52.84	87.80
France (102)	159.02	+1.5	137.91	121.27	122.88	126.03	+0.1	3.58	156.65	135.94	118.92	122.28	125.87	168.75	148.06	142.75
Germany (64)	112.48	−1.0	97.55	85.79	86.92	86.92	−2.0	2.63	113.64	98.61	86.28	88.70	88.70	129.69	111.97	109.85
Hong Kong (53)	234.68	−0.9	203.53	178.98	181.36	232.86	−0.9	3.78	236.82	205.50	179.78	184.87	235.01	259.55	178.36	163.14
Ireland (16)	150.57	+0.1	130.58	114.83	116.36	120.37	−1.1	4.48	150.46	130.56	114.22	117.45	121.67	173.71	145.54	159.86
Italy (78)	50.86	+1.0	44.12	38.80	39.32	47.59	+0.5	4.38	50.36	43.70	38.23	39.31	47.36	80.86	49.25	71.91
Japan (473)	114.74	+0.7	99.51	87.51	88.69	87.51	+1.2	0.97	113.95	98.88	86.50	88.96	86.50	140.95	87.27	135.34
Malaysia (69)	243.72	+0.7	211.37	185.86	188.35	235.46	+0.7	2.78	241.91	209.92	183.64	188.83	233.90	250.47	212.49	198.61
Mexico (18)	1198.23	−0.3	1039.18	913.83	926.02	4074.35	−0.4	1.47	1202.04	1043.10	912.55	938.34	4092.56	1789.77	1198.23	1190.04
Netherland (25)	163.54	+1.2	141.83	124.72	126.39	125.06	+0.4	4.53	161.65	140.27	122.72	126.19	124.54	167.29	147.88	139.24
New Zealand (14)	42.32	+0.0	36.71	32.28	32.71	41.76	+0.1	5.29	42.34	36.74	32.14	33.05	41.74	48.52	41.90	46.07
Norway (22)	144.24	+0.6	125.09	110.00	111.47	118.15	+0.5	2.05	143.40	124.44	108.87	111.95	117.61	192.95	136.40	199.85
Singapore (38)	184.12	+0.3	159.68	140.42	142.29	135.88	+0.2	2.41	183.56	159.29	139.36	143.29	135.64	229.63	180.71	190.05
South Africa (61)	175.53	+0.1	152.23	133.86	135.65	156.43	+0.3	3.27	175.38	152.19	133.14	136.90	155.96	263.60	175.03	248.64
Spain (46)	115.94	−6.3	100.55	88.42	89.60	92.00	−3.7	6.46	123.77	107.41	93.97	96.62	95.50	161.72	115.94	157.50
Sweden (30)	160.96	+0.6	139.59	122.75	124.40	132.54	−0.2	3.10	159.93	138.79	121.42	124.85	132.77	200.28	159.93	191.01
Switzerland (60)	117.55	+0.0	101.95	89.66	90.86	95.18	−0.2	2.25	117.50	101.96	89.21	91.73	95.39	118.45	95.99	92.88
United Kingdom (226)	177.35	+1.6	153.81	135.24	137.05	153.81	+1.6	4.78	174.50	151.42	132.46	136.20	151.42	200.07	165.85	180.85
USA (522)	170.63	+0.2	147.99	130.14	131.88	170.63	+0.2	2.98	170.22	147.72	129.23	132.89	170.22	173.39	160.92	157.14
Europe (782)	141.71	+0.7	122.90	108.07	109.52	116.46	+0.3	4.06	140.73	122.12	106.84	109.86	116.13	156.88	139.52	141.67
Nordic (100)	148.25	+0.6	128.57	113.06	114.57	115.86	+0.0	2.59	147.29	127.82	111.82	114.98	115.90	188.52	147.29	186.50
Pacific Basin (715)	118.65	+0.6	102.90	90.49	91.70	92.46	+1.0	1.31	117.95	102.35	89.55	92.08	91.56	141.97	93.70	136.06
Euro – Pacific (1497)	127.98	+0.6	110.99	97.60	98.90	102.26	+0.7	2.54	127.17	110.35	96.54	99.27	101.57	145.21	113.80	138.63
North America (636)	167.59	+0.2	145.35	127.83	129.54	166.48	+0.2	2.99	167.21	145.10	126.96	130.55	166.10	170.49	158.70	155.71
Europe Ex. UK (554)	120.27	+0.0	104.30	91.74	92.97	95.90	−0.6	3.53	120.25	104.35	91.31	93.89	96.52	132.98	119.63	118.50
Pacific Ex. Japan (242)	156.92	−0.2	136.09	119.69	121.28	141.53	−0.2	3.72	157.18	136.40	119.34	122.71	141.83	175.31	149.00	143.07
World Ex. US (1690)	128.87	+0.6	111.77	98.29	99.60	104.11	+0.6	2.56	128.10	111.17	97.26	100.01	103.45	146.91	116.18	140.30
World Ex. UK (1984)	138.62	+0.3	120.22	105.73	107.14	121.68	+0.3	2.48	138.19	119.92	104.92	107.88	121.26	150.58	127.21	141.51
World Ex. So. Af. (2151)	141.85	+0.5	123.02	108.19	109.63	124.26	+0.5	2.72	141.20	122.53	107.20	110.23	123.67	153.05	130.04	144.25
World Ex. Japan (1739)	157.77	+0.4	136.83	120.33	121.95	145.87	+0.2	3.39	157.20	136.41	119.35	122.73	145.55	165.40	153.20	151.39
The World Index (2212)	141.98	+0.5	123.14	108.29	109.74	124.58	+0.5	2.73	141.34	122.65	107.30	110.34	123.99	153.70	130.66	144.93

Latest prices were unavailable for this edition.

LONDON SHARE SERVICE

AMERICANS

Notes	Price £	+ or -	1992 high	low	Mkt Cap£m	Yld Gr's
Abbott Labs......h	18 13/16 xd	-3/16	19 1/8	14 5/8	14,288	2.1
Allegheny & W......	359p	-8	367p	226p	185.6	4.9
Amdahl......	543p	+4	1159p	527p	609.8	1.1
Amer Cyanamid......	33 7/8	—	37	28 5/8	3,034	2.9
Amer Express......	13 1/8 xd	+1/32	13 2/3	10 1/4	6,257	4.5
Amer T & T......	25 5/8 xd	-3/16	25 15/16	20 1/8	34,078	3.0
Ameritech......	39 3/8	+1/4	39 1/4	32 1/2	17,404	5.2
BankAmerica......	26 1/16 xd	-3/32	27 1/8	19 1/16	8,721	3.0
Bankers NY......	36 7/16 xd	-3/16	37 15/16	28 7/8	2,934	4.5
Bell Atlantic......	28 1/4	+1/2	28 1/4	23 1/8	12,198	5.4
BellSouth......	30 5/8	+5/8	32 7/8	25	14,972	5.3
Bethlehem Steel......	7xd	—	9 5/8	5 1/4	633.2	—
Bowater......	1173pxd	+8	1579p	905p	424.8	6.0
CPC......h	28 3/16 xd	—	28 7/8	22 1/2	4,288	2.5
Cadiz Land Inc......	128p	—	342p	[illegible]	—	—
Chase Manhattan......	12 1/4 xd	-1/4	16 1/2	9 1/8	1,819	5.5
Chrysler......	13 3/16 xd	+1/16	13 13/16	6 1/4	3,882	2.6
Citicorp......	9 1/8 xd	-1/16	11 1/8	5 3/8	3,201	—
Colgate-Palm......	33 1/2 xd	+1/2	33 1/2	25 1/4	6,243	2.2
Cont'l Bank......	951p	—	1036p	499p	971.1	3.6
Dana......	22 13/16 xd	—	24 1/2	14 3/16	1,051	4.1
Data General......	618p	+4	1004p	384p	170.9	—
Decora Inds......	116p	—	122p	66p	—	—
Dun & Brad......	33 3/8	—	33 1/2	27 1/4	5,954	4.0
Eaton......	45 1/4	+1/8	[illegible]	32 1/2	1,882	2.8
Echlin......	11 5/8 xd	+1/16	11 3/4	7 3/8	688.6	3.5
FPL......	21 1/4 xd	+1/8	21 1/4	17 13/16	3,833	6.7
Fluor......	25 5/8 xd	+1/8	27	19 1/4	2,078	0.9
Ford Motor......	23 11/16 xd	—	28 1/8	15	11,548	2.5
Gen Elect......	45 7/16 xd	-1/8	46 1/8	36 1/4	38,017	3.0
General Host......	557p	-7	984p	360p	—	3.8
Gillette......	33 13/16 xd	-1/8	34 3/16	23 13/16	7,445	1.2
Hasbro......	19 5/8	—	[illegible]	12 1/8	1,794	0.6
Honeywell......	38	+1/8	43	32	2,653	2.5
Houston Inds......	26	+1/8	26	22	3,367	6.7
IBM......	48 1/4 xd	-7/8	94 1/2	42 3/4	27,537	5.9
Ingersoll-Rand......	17 1/4	+3/16	19 3/16	12 11/16	1,778	2.4
Lockheed......	27 5/8	+1/2	27 5/8	22 1/8	[illegible]	4.5

CANADIANS

BANKS

BREWERS & DISTILLERS

BUILDING MATERIALS

BUILDING MATERIALS - Cont.

BUSINESS SERVICES

CHEMICALS

CONGLOMERATES

CONTRACTING & CONSTRUCTION

CONTRACTING & CONSTRUCTION - Cont.

ELECTRICALS

ELECTRICITY

ELECTRONICS

ENGINEERING - AEROSPACE

ENGINEERING - GENERAL

ENGINEERING - GENERAL - Cont.

FOOD MANUFACTURING

FOOD RETAILING

HEALTH & HOUSEHOLD

HOTELS & LEISURE

HOTELS & LEISURE - Cont.

INSURANCE BROKERS

INSURANCE COMPOSITE

INSURANCE LIFE

INVESTMENT TRUSTS

Authorised by the Inland Revenue

INVESTMENT TRUSTS - Cont.

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LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

INVESTMENT COMPANIES

MEDIA

MEDIA - Cont.

MERCHANT BANKS

METALS & METAL FORMING

MISCELLANEOUS

MOTORS

OIL & GAS

OIL & GAS - Cont.

OTHER FINANCIAL

OTHER INDUSTRIAL MATERIALS

PACKAGING, PAPER & PRINTING

PACKAGING, PAPER & PRINTING - Cont.

PROPERTY

STORES

STORES - Cont.

TELEPHONE NETWORKS

TEXTILES

TRANSPORT

WATER

SOUTH AFRICANS

PLANTATIONS

MINES

MINES - Cont.

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

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FINANCIAL TIMES
Weekend September 26/September 27 1992

Chancellor insists that Germany does not favour 'two-speed' Europe

Kohl calls for full co-operation

By Lionel Barber in Brussels and Christopher Parkes in Bonn

EUROPEAN COMMUNITY members which fail to co-operate fully in the drive towards common economic and monetary policies will put their national well-being and their own economic and monetary stability at risk, Chancellor Helmut Kohl warned yesterday.

"No-one in Europe – and I repeat, no-one – should labour under the illusion that he is in a position to go it alone," he told the Bundestag in a thinly veiled reference to British ambivalence towards the Maastricht treaty on European union.

Mr Kohl insisted, however, that Germany does not favour a "two-speed" Europe, with France and Germany joining a small number of EC partners in an economic and monetary union. After travelling to Brussels last night, where he was due to meet four other Christian Democrat leaders from the EC, the chancellor tried to stem speculation about an accelerated push to monetary union led by Paris and Bonn.

The Brussels summit, involving heads of government from Belgium, Germany, Greece, Luxembourg and the Netherlands, was aimed at reaching a common position ahead of next month's European Council in Birmingham, called by the UK presidency amid doubts about the future of the Maastricht treaty.

During the Bundestag debate, Germany's leading political parties showed unusual unity and agreed to meet the December deadline for treaty ratification.

But a member of the central council of the Bundesbank warned that European union could not be achieved on schedule by the end of the century. The planned introduction of a single currency would be "extremely problematic", Mr Wilhelm Nölling said on radio. The visions of Maastricht could not be realised "at a stroke", he said.

Although Mr Nölling was expressing a personal view, his intervention on the day the Bundestag and the Bundesrat met to start ratification debates suggests continuing tensions over union between the hard-headed pragmatists in Frankfurt and politicians in Bonn.

Mixed signals about the timetable for economic and monetary union continued yesterday. Mr Alfons Verplaetse, governor of the central bank in Belgium, declared that it was possible for France, Germany and the Benelux countries to move immediately to a common currency. Mr Jacques Delors, European Commission president, warned earlier this week that EC members who dragged their feet on Maastricht risked being left behind an "inner core" led by France and Germany.

Mr Kohl yesterday trod a fine line between implicitly threatening a two-tier Europe and urging all 12 EC member states to move together toward the economic and political union set out in the Maastricht treaty.

Hilary Barnes in Copenhagen adds: Mr Kohl is mistaken if he believes that the Maastricht treaty can take effect from January 1, 1993, according to Mr Uffe Ellemann-Jensen, the Danish foreign minister.

"The treaty cannot be ratified before Denmark has signed and this cannot happen until there has been a new referendum in Denmark, which cannot take place before the spring of 1993 at the earliest," he said.

Maastricht and the ERM, Pages 2 & 3

Smith reshapes party policy-making

By Ivo Dawnay, Political Correspondent

MR JOHN SMITH, the Labour leader, has redrawn the party's policy-making machinery, with himself at the head of a pivotal new committee that will greatly reduce the powers of the long-planned National Policy Forum.

The changes, outlined in an appendix to Labour's Agenda for Change strategy document, are likely to provoke controversy among delegates at this year's annual conference, which opens in Blackpool on Monday. They put Mr Smith at the centre of a core policy group of senior party figures and transform the still-to-be-created NPF from the party's key policy-making body to a largely consultative role.

Under the revised plan, agreed by the national executive this month, the crucial decisions will now rest with a Joint Policy Committee which will also determine priority proposals.

The JPC will comprise less than 20 members, 16 of them from the national executive and the shadow cabinet, and be chaired by the party leader.

The new slimline body is commended as cheaper and more flexible than the unwieldy NPF model. But it also centralises decision-making, concentrates authority in the party leadership and ensures that policy plans opposed by Labour's senior figures will be dropped without wider debate.

The Forum – originally proposed to diminish the ability of the conference to damage Labour's image by springing policy U-turns on the leadership – will be slimmed from 200 to 100 members and will meet once next year and not quarterly as originally planned.

Charged with acting as a steering group and policy co-ordinator to the Forum, the JPC will also commission and vet policy positions drawn up by seven subsidiary Joint Policy Commissions, with sectoral responsibilities covering issues such as foreign affairs, economics, tax and benefits and constitutional reform.

While the NPF will be able to recommend changes to proposals to the national executive – the ultimate authority – it loses its capacity to initiate policy.

A party official said this week that the eventual powers of the NPF will depend in large part on the effectiveness of its chairman and the quality of its proposals.

Explaining the changes, the Agenda for Change document says the new format will increase flexibility, allowing Labour to respond rapidly to Tory initiatives and to devise new thinking on the party's future.

The move has also been justified as a necessary response to Labour's £2.2m overdraft and annual overspending that last year reached £1.3m.

Man in the News, Page 8

THE LEX COLUMN

Devalued dividends

It is perfectly understandable that the knee-jerk response of the equity market to devaluation should have been to mark sharply equities higher. Equally understandable is that the rate of advance should slow as investors start to take stock. The market managed to put on only 32 points over the past week. Obviously recovery is going to be a slow process. While the outlook for corporate earnings is better than it was before, it is still for fairly modest growth through next year. Dividends may rise more slowly still. At around 1.8 times, average dividend cover for the market as a whole is well below the 2.5 level regarded as normal during the 1980s.

The devaluation effect on earnings will scarcely be immediate, even for export companies, as these frequently hedge their exposure in advance. There may be some instant relief on the interest bill. Otherwise the outlook for the rest of 1992 has barely changed. It would take a pretty strong recovery next year for earnings to rise as much as 20 per cent. Even then companies would then have to confine dividend growth to around 7 per cent to bring the payout ratio back over 2.

Some companies that might otherwise have been expected to cut their payout may now maintain it. The signal function of dividends could become doubly important when earnings figures are distorted by the new accounting rules. There is also an argument that companies can afford to live with a low payout ratio in a period of relatively high growth and rising prices. That theory may be tested eventually, but there is unlikely to be much economic revival in the air when final dividends for 1992 are declared next spring.

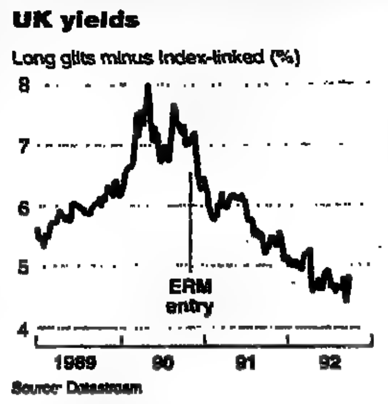
Index-linked

One might have expected index-linked gilts to perform well after a devaluation. And so they have, with a rally that matches the performance of equities. Long dated index-linked bonds offered an unprecedented real return of 4.75 per cent on the morning sterling left the ERM. A correction of this riskless rate was overdue. Ditching the D-Mark parity is, after all, a policy aimed at reducing real interest rates.

But the fall in index-linked yields stands in contrast to the apparent equanimity with which holders of conventional long-dated gilts have viewed events. The message from the former is that the market is anticipating a sharp fall in real interest rates, from the latter that there is to be no substantial rise in long-term nominal rates. The anomaly is all the more puzzling since the difference between conventional bond yields and index-linked yields – a measure of the market's inflationary expectations – has widened. From almost 4 per cent immediately before ERM exit, the yield differential reached 5 per cent by the end of this week. Arithmetic dictates that conventional gilt yields will simply have to rise next year if the differential is to return to the levels seen before sterling was hitched to the D-Mark in 1990.

FT-SE Index: 2601.0(-20.2)

UK yields



Source: Datastream

By raising over £1bn from sales of index-linked paper last week the government was quick to spot the funding opportunity. Even so, the sector may continue to lack liquidity. Index-linked bonds have certain tax advantages for UK retail investors. Overseas investors gain no protection from the ravages of inflation as expressed through the exchange rate.

US economy

Yesterday's US economic data make gloomy reading, with the country apparently heading towards a third leg of the recession. The brightest spot was the 0.1 per cent fall in August personal expenditure. After allowing for distortions from Hurricane Andrew, that indicates a boost to the economy from consumer spending. However, consumers have been running down savings to pay for spending in recent months. They may not be able to keep that up: the data also showed personal income falling by 0.5 per cent. Not surprisingly, financial markets are looking towards a Federal Reserve rate cut after the release of September's employment report next Friday.

Even if that happens it is difficult to see the economy turning up soon. Companies have little reason to invest when both presidential candidates are offering an investment tax credit next year. Consumers may now also defer spending until the election result is known. And while US goods are cheap in world markets, even after the recent rally of the dollar, slow growth around the world means poor export prospects. Wall Street may take some heart from third quarter results which show companies increasing earnings by cutting costs. Yet without a recovery, these savings may be viewed as a one-off gain, making current earnings multiples look too high.

UK property

Most UK property men must have started turning the lights out 10 days ago when they heard that interest rates had been raised to 15 per cent to defend the value of the pound. Now that monetary policy has been reversed – so quickly in fact that they were *able to flick the switch again* before going home – the quoted company sector has again shown signs of life. Property shares have outperformed the market by some 8 per cent with sharp percentage gains for leaders like MEPC and British Land, as well as for selected second liners like Frogmore and Peel.

Sentiment, of course, has had a lot to do with it. Falling interest costs are positive for cash flow and tenant demand, but most of the majors (except British Land) have their debt at fixed rates. The letting of half of one of the City's biggest white elephants – the Alban Gate development at London Wall – is a relief to its landlord MEPC. But it hardly compensates for the deep-rooted structural problems in the City where 22 per cent of space is still unlet.

Still, even a sniff of the good old days could raise hopes for an imminent deal or two in a notoriously gossipy industry. With shares so depressed after the last two years, the current rally may even have further to run. On a longer term view, however, it is hard to get excited. Banks are desperately trying to reduce their exposure to property, not increase it. Rents have gone firmly ex-growth. Weakness at the long end of the gilt market, moreover, will hardly help.

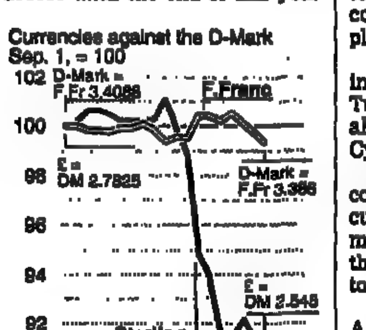
Intervention saves franc

Continued from Page 1

Ireland and Portugal are compatible with EC law.

Yesterday, the commission broke its self-imposed blackout on comments about the financial markets with a terse two-sentence statement on the legality of the measures. Officials said they would make no further comment.

The Treaty of Rome calls for free movement of capital across Europe, and a 1988 directive allows Spain, Portugal and Greece until the end of this year to remove controls. Ireland has until the end of next year to lift its controls but has pledged to remove them by the end of 1992.



Source: Datastream

The comments helped to lift the Spanish peseta away from its ERM floor of Pta72.62 against the D-Mark, to close at Pta69.67. The Portuguese escudo closed at Esc89.35 to the D-Mark, above its ERM floor of Esc93.33.

However, sterling, which was suspended from the ERM last week fell to DM2.5090 in European trading. It recovered to close 0.5 pfennigs down on the day at DM2.5450.

Airbreak Leisure loses CAA licence as shares are suspended

By Michael Skapinker, Peter Pearse and Chris Tighe

AIRBREAK LEISURE, the tour operator, yesterday had its licence revoked by Britain's Civil Aviation Authority. The company said last night it was in discussions which could lead to the appointment of administrators.

Airbreak said it was covered by a £3.97m CAA bond and that customers who had booked and paid could either go on holiday as planned or receive a refund.

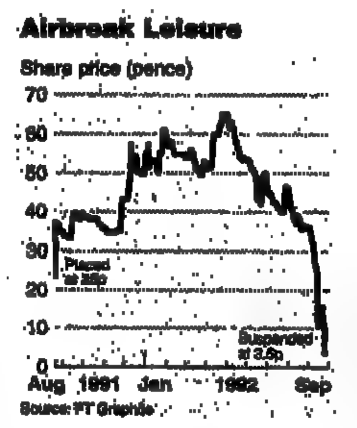
The company, whose brands include Next Island, Peter Pan Travel and Suntan Tours, specialises in holidays to Greece, Cyprus and the Canary Islands.

Neither Airbreak nor the CAA could say last night how many customers were abroad or how many had booked holidays for the rest of the year. It is licensed to carry up to 111,626 passengers.

Airbreak's shares, traded since August 1991 on the Unlisted Securities Market, were suspended yesterday at 3¼p.

On September 15, Airbreak

Airbreak Leisure



Source: FT Graphite

reported interim pre-tax losses of £2.92m and warned about the full-year outcome.

Mr David Lewis, chairman, blamed discounting in the tour market and "unexpected problems" in Sunsail International, bought for up to £8m in January and now for sale. He tendered his resignation this month, a move he described the next day as a "gesture" which was not accepted by the board.

Sunsail, which charters yachts in the Mediterranean, the Caribbean and Thailand, said last night that it had a separate CAA bond and was not affected by the withdrawal of the Airbreak licence.

Airbreak came to the USM soon after the collapse of Mr Harry Goodman's International Leisure Group, which resulted in a sharp rise in business for other tour operators. This year, however, over-capacity has led to sharp price discounting.

● Scott's Greys Travel, a Darlington-based coach tour operator has ceased trading and steps are being taken to place it in liquidation. It specialised in short breaks to Euro Disney, Amsterdam and other continental and UK destinations.

Mrs Sue Constable, a fair trading officer with Durham County Council, said yesterday the company was not a member of the Association of British Travel Agents so clients faced losing their money. She said the number of customers affected was expected to run into hundreds.

Tories' fragile unity under strain

Continued from Page 1

Mr Major and Mr Lamont in Thursday's emergency debate.

Mr Tony Newton, leader of the Commons, said on BBC radio: "We are all agreed that we want to see a Europe in which more emphasis is put on the development of co-operation between national governments rather than doing things through centralised bureaucratic structures".

There are signs, however, that the Euro-enthusiasts among the Tories are not prepared simply to concede to the Euro-sceptics the argument over where government policy should be going.

In a speech to be delivered today, Mr Tristan Garel-Jones, the foreign office minister, will say that the government would have no truck with the "political nihilism" involved in tearing up the Maastricht treaty.

The Euro-sceptics insist, however, that they all agree not only that sterling should not return to the ERM, but also that the Maastricht should not be ratified.

The Euro-sceptic campaigners intend to use next month's Tory conference to press their case.

Lord Parkinson, a former Tory party chairman, highlighted the pressure on Mr Major when he warned about the dangers of a "vacuum of leadership", though he insisted that the prime minister still had "enormous credibility and support in the party".

CHIEF PRICE CHANGES YESTERDAY

FRANKFURT (Dm)			
Rises			
Schmalb Luo	333	+	13
Falls			
Daimler Benz	582.5	–	15.2
Hoechst	237.3	–	5.2
Mannesmann	210	–	5.7
Preussag	329	–	13
Thyssen	167.5	–	9.5
New York ($)			
Rises			
SCOR US	16¼	+	2¼
Falls			
Johnson & Johnson	47⅜	–	3⅛
Medical Care Amer	28	–	30
Merck	43⅛	–	2⅜
Pfizer	74½	–	4¼
Schering Plough	56⅜	–	3¼
New York prices at 12.30pm.			
Paris (FFrs)			
Rises			
Endama BSay	660	+	30
UFB Locabail	255	+	12.2
Falls			
Bancaire	356	–	30.5
Havas	431	–	23
Peugot	575	–	12
Roussel Uclaf	415	–	24
Tokyo (Yen)			
Rises			
Asin Seiki	901	+	95
Crown	920	+	95
Fukusuke	791	+	91
Shoko	417	+	43
Falls			
Cesar	360	–	40
Roman	124	–	14
London (Pence)			
Rises			
Baird (Wm)	227	+	16
Billam (J)	134	+	8
Central ITV	1445	+	70
Close Bros	226	+	12
Goldsmiths	23	+	4
Granada	258	+	12
Honeysuckle	41	+	5
Low (Wm)	216	+	26
Molins	319	+	18
Proudfoot (A)	97	+	10
Scholl	210	+	17
Falls			
Airbreak Leisure	3½†	–	7½
Allied-Lyons	511	–	27
Blacks Leisure	35	–	11
Bridon	48	–	10
Bristol Scotts	78	–	10
Forte	140	–	11
Garton Eng	88	–	6
HTV	27	–	14
Hampden	48	–	6
Leigh Interests	175	–	51
Shanks & McEwan	175	–	25
Wembley	21	–	4

† Price at suspension.

World Weather

UK Today: The cloud and rain straddling western England, Wales and southern Scotland will edge north and west. To the south and east, a rather misty start with some fog on hills, becoming brighter and warmer.

		°C	°F
Ajaccio	S	25	77
Algiers	S	31	88
Amsterdam	F	19	66
Athens	R	21	70
Bahrain	S	[illegible]	97
Barcelona	F	25	77
Beijing	S	18	64
Belfast	S	11	52
Belgrade	S	23	73
Berlin	C	16	61
Biarritz	F	25	77
Birmingham	F	11	52
Blackpool	F	15	59
Bombay	S	33	91
Bordeaux	S	24	75
Boulogne	S	20	68
Bristol	R	13	55
Brussels	F	20	68
Budapest	S	20	68
Buenos Aires		–	–
Cairo	S	31	88
Cape Town	F	17	63
Cardiff	C	13	55
Chicago †		–	–
Cologne	S	21	70
Copenhagen	F	17	63
Corfu	F	23	73
Dallas †		–	–
Dublin	F	14	57
Dubrovnik		–	–
Edinburgh	C	12	54
Faro	S	23	73
Florence	S	26	79
Frankfurt	S	19	66
Geneva	F	16	61
Gibraltar	C	21	70
Glasgow	F	13	55
Guernsey	R	12	54
Helsinki	C	13	55
Hong Kong	S	34	93
Innsbruck	S	22	72
Inverness	F	12	54
Isle of Man	S	14	57
Istanbul	F	18	64
Jersey	F	13	55
Johannesburg	S	25	77
Las Palmas	F	25	77
Leeds	F	13	55
Lisbon	C	20	68
Locarno	S	19	66
London	R	11	52
Los Angeles †		–	–
Luxembourg	S	20	68
Madeira	F	21	70
Madrid	F	24	75
Majorca	F	27	81
Malaga	F	25	77
Malta	S	27	81
Manchester	F	17	64
Melbourne	R	11	52
Mexico City		–	–
Miami †		–	–
Milan	F	23	73
Montreal †		–	–
Moscow	R	9	48
Munich	S	17	63
Nairobi	F	26	79
Naples	F	24	75
Nassau		–	–
Newcastle	F	12	54
New Delhi	S	32	90
New York †		–	–
Nice	F	23	73
Nicosia	F	28	82
Oporto	F	19	66
Oslo	C	14	57
Paris	S	22	72
Perth	S	19	66
Prague	S	21	70
Reykjavik	C	8	46
Rhodes	S	24	75
Rio d'Janeiro		–	–
Rome	S	26	79
Salzburg	S	22	72
S'Francisco †		–	–
Seoul	S	23	73
Singapore		–	–
Stockholm	C	13	55
Strasbourg	S	20	68
Sydney	S	24	75
Tangier	C	26	79
Tel Aviv	F	27	81
Tenerife	C	24	75
Tokyo	C	29	84
Toronto †		–	–
Tunis	S	30	86
Valencia	F	25	77
Vancouver †		–	–
Venice	S	23	73
Vienna	S	21	70
Warsaw	S	19	66
Washington †		–	–
Wellington	F	12	54
Zurich	F	16	61

Temperatures at midday yesterday † Noon GMT temperatures C – Cloudy Dr – Drizzle F – Fair Fg – Fog H – Hail R – Rain S – Sunny Sl – Sleet Sn – Snow T – Thunder

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Weekend FT

SECTION II — Weekend September 26/September 27 1992

A tender trap for Our Man in Berlin

*For a decade, the East German secret police watched **Leslie Colitt's** every move. His newly-opened file reveals a tale of suspicion, treachery — and farce*

SHE WAS raven-haired and dark-eyed, as attractive a woman as I had ever seen in Saxony, a region extolled for its beautiful maidens by no lesser connoisseur than that old philanderer, Goethe. Her name was Beate and I first met her when she was scrubbing the hallway of her Leipzig flat.

She gazed at me, her pretty features twisting into a scowl. "What do you want?" I explained that the accommodations office for journalists had given me her registration card and that I needed a room for a few days. She grudgingly obliged and her mood gradually improved. A few years later when I was visiting the city, we became friends, swapping criticisms of the East German Communist authorities and discussing the rise of the Solidarity movement in Poland. We visited the Falstaff restaurant, where her enticing gaze – and a prodigious amount of drink – soon took affect. We returned to her flat, and I succumbed to her charms.

BEATE was a Stasi informer. Every word we exchanged, every move I made, was dutifully reported to the East German secret police. My thoughts, business trips, meetings, indiscretions; all – except, as I later discovered, that fateful night in the Falstaff in 1981 – were added to the voluminous file the Stasi was collating on "Caesar", alias Leslie Colitt, the Financial Times' Berlin-based correspondent for East Germany, Czechoslovakia and Hungary since 1972. I was suspected of enough anti-socialist crimes to land me behind bars for years if the authorities so desired.

Only now, poring through the newly-released two-volume, 278-page file kept on me for more than 20 years by the Ministry of State Security of the German Democratic Republic, do I realise how dangerous the Communist security police thought I was.

I was code-named "Caesar" in the early 1970s when I was placed under OPK, Operative Personal Control (surveillance). I was pursued by a secret police organisation numbering 100,000 officers and more than 200,000 informers. Yet in spite of the terror the Stasi aroused, the omnipresent eyes of the "shield and sword of the Party" are now revealed to have been extraordinarily, appallingly near-sighted.

My file, released by the German Federal Office Administering the Stasi Documents, shows that I was suspected by the secret police in Berlin, Prague and Budapest of "hostile and subversive activities in obtaining information", of "influencing the political underground" and "other forms of state crimes." The files say my reporting for the FT was "negative-defamatory." Like its Soviet model, the Cheka, the Stasi saw treason and counter-revolution lurking everywhere. It believed I was a probable spy for an "imperialist" intelligence agency.

At the time I tried not to worry about surveillance, as I was busy fighting battles to obtain visas and interviews with political officials. I thought anyone – including the Stasi – could discover virtually everything of importance I knew simply by reading the FT.

Now, even though the Stasi is dead, I find I am strangely flattered and repelled by an informer's remark that: "he is self-assured, always friendly and modest" – and a border controller's comment after searching me: "He was very well-groomed, clean and modernly dressed."

For some years the surveillance was relaxed but I came under intense scrutiny again after the rise of the Charter 77 civil rights movement in Prague. In January 1977 I spent two emotion-charged weeks in Czechoslovakia interviewing Charter's first spokesman, the ailing Professor Jan Potocka and its founder, Vaclav Havel. Potocka died a few weeks later after interrogations by Czechoslovak STB security officers.

On my return by train to Berlin in February I was searched by Czechoslovak border officials at the Decin crossing point. All 90 pages of my notes and my tapes were confiscated, in spite of my protests against this violation of the Helsinki Accord. I spent the night under East German custody in the Mitropa restaurant at Dresden railway station. In this bizarre setting, interrupted only by occasional Soviet military policemen, I managed to reconstruct the notes of my conversations with the dissidents.

STB never forgot the prominence my case was given by the Western media. Since I am a US citizen, the State Department protested to Prague. The secret police in Prague warned the Stasi, which issued "search number 222959" and ordered that I be watched by the counter-espionage branch whenever I entered the eastern sector from my office in West Berlin. My file says:

Excerpt from a report by HA II under General Günter Kratsch:

"17 December 1982: Unofficial indications suggest that Colitt has access to information of the most internal nature on the economies of the European socialist states and CMEA (Comecon). Our experts estimate they could only be surreptitiously obtained. Furthermore, we understand that the British secret service uses Colitt's articles as a basis for gathering further information."

Kratsch was arrested only last month on charges of directing senior Stasi agents in the West who betrayed top-secret West German and Nato defence documents to East Berlin and Moscow.

I was amazed to discover that several years before I was accused of being a probable spy, the Stasi's powerful espionage wing, HVA, led by the legendary General Markus Wolf, had unleashed a swarm of IMs – informers – on me. They were to gather as much information as possible to see whether I could be used in East Germany's interest. But this plan failed ignominiously. The files reveal that the chief IM, code-named "Bertram," lied outrageously to the Stasi officers about the success he claimed to have had in gaining my confidence.

General Wolf, who was also deputy Stasi chief under the aged Erich Mielke – himself on trial in Berlin – faces similar prosecution. Meanwhile, he is confined to his flat less than 1km from where I am writing this in my office in east Berlin.

"Bertram" and all the other informers who reported on me each had a weakness which the Stasi was able to exploit – they could not escape. Yet, perhaps because they were forced into it, they were often filing information of amazing triviality:

16 March, 1978, 11:28am – *"Caesar" goes to ticket window 20 (of Leipzig railway station) where he buys a ticket to Erfurt.*

11:44am – *"Caesar" buys a packet of biscuits from a wagon and again proceeds to platform 11.*

11:47am – *"Caesar" enters express train Krakow-Eisenach, car no. 34 and walks through several cars before taking seat in non-smoking section of car 28.*

11:52am – *"Caesar" departs on the express train for Erfurt.*

14:09pm – *"Caesar" leaves express train at Erfurt main station in direction of exit. Along the way he throws a plastic bag in a refuse basket. After approx. 15 metres he turns, walks back to the refuse basket, and removes from it the plastic bag he previously threw away."*

This was analysed to be a clever means of "control" on my part to check whether I was being followed. In reality, I had not a clue that I was being shadowed and merely thought I had forgotten something in the bag.

Unknown to me, on that particular trip to Erfurt I walked into one of the most dangerous situations of my years in the East. This is what my Stasi tail reported:

14:30pm - *"Caesar" enters Bürgerhof restaurant but leaves although there were empty tables. He (14:32pm) enters the Winzerkeller restaurant opposite and sits down at an empty table. "Caesar" orders a Margon mineral water without flavour and one portion of chicken hearts.*

14:50pm - *a Lieutenant of Air Defence Command enters and approaches "Caesar's" table to ask if there is a seat empty. He is given code-name: "Himmel" (sky). "Himmel" sits down and they begin to converse. The conversation gets livelier and more intense. They drink several cognacs and "Himmel" also has several beers. The following words of their conversation could be overheard: "... political instruction, bill of sale, show exit pass at the gate..."*

In fact, my Stasi tail appears to have seriously misunderstood our conversation or wilfully made up these fragments in order to advance his promotion to a desk job. The officer, tall, uniformed and in his mid 20s, at first assumed I was an East German. He told me about his father, who had served with the Wehrmacht in Italy, and believed it was "Italian cowardice", not the Wehrmacht's fault, that Italy fell to the Allies. When he discovered that I was an American he became uneasy. We shook hands and parted strangers.

This chance encounter, which the Stasi thought virtual proof of espionage, almost got us both arrested. My file reveals that a tail was put on this hapless officer after we departed.

"Himmel" drank several beers and liquor on the train to Leipzig where he got drunk in the railway station restaurant. At 8:20 pm he was joined at his table by two "female persons." At 11 pm "Himmel" bought a bottle of Sekt which they drank and at 11:45pm "Himmel" bought a box of chocolates at the bar.

Just after midnight "Himmel" and the two ladies took a taxi and vanished. The report ends by giving "Himmel's" real name and unit which, however, were blackened out in my copy of the file.

Only after prolonged investigation was "Himmel" cleared of the suspicion of being a spy. I was then returned to the status of suspected agent. By September 1980, however, the Stasi was forced to concede that "until now this suspicion could not be hardened."

The Stasi pulled out all the stops for my twice-yearly visits to the Leipzig Fair, where I always lived with private families who were officially permitted to rent to Westerners. One of them, Frau M, a teacher with whom I shared many insights on the Communist system, gave exhaustive information about me to a fulltime informer.

She could hardly have refused, as she, like hundreds of thousands of other East Germans, was listed by the Stasi as a GM, or "Social Contributor". Besides, her son was in prison – she was in no position to turn down a Stasi "request" to turn informer. What she told them was essentially true:

"He told my husband that after visiting the Akademixer cabaret he asked young people what they had personally gained from detente. They replied only that they were still unable to travel where they wanted."

She described interviews I had conducted among private tradesmen and shopkeepers in her neighbourhood and my questions to her about the hard currency the repairmen demanded. I was also particularly interested in "heavy machinery", she asserted, with gross exaggeration.

When I visited Frau M last year I found a personal tragedy. She had joined the many losers of German unification for which she had demonstrated in Leipzig in 1989. Her son was free but had lost his job, while she was rapidly sliding into economic poverty and ill health.

■ Turn to Page IX

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Anthony Curtis explores the computer programs that can crack Shakespeare's codes .... Page IX

Long View / **Barry Riley**

Biggles flies east

POTENT SYMBOLISM has been offered this week by the mooted departure to Taiwan of most of the residual operations of one of British aviation's most famous manufacturing units, birthplace of the Tiger Moth, the Mosquito and the Comet. The parent company British Aerospace, the country's biggest manufacturer, is valued by the stock market at below £500m, a lot less than MFI Furniture, say, or Welsh Water.

Such developments may say as much about the emergence of new economic powerhouses around the globe as about Britain's absolute decline. Meanwhile, however, the country's obsession with financial manipulation has never been more in evidence: the current economic crisis, for instance, has revolved entirely around exchange rates and interest rates. In a rational world financial policies would surely be designed to create a stable framework for the real economy, but instead the real economy has been asked to "adjust" to rigid financial conditions laid down for various political reasons. Part of that adjustment is taking the form of a flight abroad by high-profile segments of Britain's manufacturing base.

Elsewhere the fascinating raw material of the week has come not from Thursday's emergency debate in Parliament – although I will come to that in a moment – but from routine economic releases on trade and gross domestic product.

The August balance of payments figures were shocking: a current account deficit of £1.1bn for the month, in the middle of a serious recession. We are now heading for a deficit of £12bn for the year, almost twice as much as forecast by the Treasury in March. Recently import volumes have been running nearly 6 per cent higher than a year ago, even though domestic demand has been flat. Exports have dropped a little compared with last summer (the Treasury forecast that they would be rising by 3½ per cent) and plainly there now has to be a big shift of economic effort into exports and import substitution.

As for GDP, it fell marginally in the second quarter, when political euphoria and recovering confidence were supposed to have caused an economic rebound. True, excluding North Sea oil there was a 0.1 per cent upturn; but the evidence is that the downwards momentum has resumed in the current quarter.

For all the tales of economic gloom, however, the statistics suggest that the general public have barely suffered yet - unless, of course, they have lost their jobs. Real GDP is now running at roughly the same as it was back at the beginning of 1988 (and about 4 per cent less than the quarterly peak attained in April-June 1990). But real average employee earnings have risen by 6½ per cent in the past 4½ years, and real personal disposable income is 5 or 6 per cent higher than in 1988 (although consumer expenditure has scarcely risen, because more of the income is being saved).

The stock market is already beginning to look forward to better times for the corporate sector. But in the personal sector the worst is yet to come, with sharp cuts in real incomes becoming inevitable (that is what devaluation is all about). The question is whether this can be achieved smoothly or only through an inflationary crisis.

An alternative agenda is beginning to surface among the backbenchers of both major parties. On Thursday the Labour Economy Policy Group published a robust pamphlet written by Austin Mitchell MP. "What industry needs is a low exchange rate, low interest rates, and an accommodating monetary policy... moderate inflation is much better than no growth... outside the ERM interest rates could be reduced to at least the rate of inflation, if not well below... without growth, redistribution becomes too painful to be sustained." For growth, read inflation. For moderate, insert your own figure.

The investment markets are starting to take some of this on board. Index-linked gilts have had a particularly good week and since sterling came out of the ERM ten days ago the real yield – then a highest-ever 4.76 per cent – has tumbled by more than half a percentage point. Meanwhile the yield on long-dated fixed interest gilts has gone up, but quite modestly, from 8.96 per cent to about 9.35 per cent.

One implication is, of course, that the market is gloomier about inflation. The gap between the two yields (not *quite* the implied market inflation expectation, but something close to it) has risen from 4.2 per cent to 5.1 per cent. The relative stability of fixed interest gilts, however, means that there is expected at the same time to be a fall in *real* yields outside the ERM. There would be nothing surprising if this were to happen. For much of the post-war period up to about 1980 the real returns on gilts were nil. Indeed, lower real interest rates may be a precondition *for an economic recovery.*

The Mitchell-type strategy involves a big inflation tax on the holders of monetary assets, this being used to cushion the blow for average wage earners as wealth is shifted into investment (or maybe into subsidies). To be a practical proposition, however, this would need to be backed up with exchange controls to prevent a flight of capital and a collapse of the floating currency. It is not such a fanciful idea given that Spain, Portugal and Ireland have reimposed exchange controls this week.

In Parliament the focus was not on any of this but on the Germans and the Eurocrats. Maybe that is fair enough, because it would be wrong for new domestic policies to be cobbled together in undue haste. But unless this rather dim government produces some really tough and imaginative measures quite soon the British economy is bound to drift into its unhealthy old ways.

Norman Lamont had to admit on Thursday that the markets had driven the willy-nilly UK out of the ERM, and they will go on determining government policy if they are allowed to. That would not be at all bad for index-linked gilts, or for Austin Mitchell.

MARKETS

London Markets

Flying not so bravely into a new world

By Andrew Bolger

THE government's short-term economic strategy is now clear: forward on a wing and a prayer. It became even clearer this week that the wing will not be made in Britain.

The mauling of the UK's engineering sector overshadowed the stock market's cautious adjustment to a changed world, with the pound now drifting outside the Exchange Rate Mechanism.

Having seen the FTSE-100 jump 188.7 points in the immediate aftermath of last week's devaluation, traders started the week in uneasy mood, unsettled by thought that they had perhaps been overly optimistic in assuming a two percentage-point cut in base rates was on the cards.

Nerves were steadied by Tuesday's cut of one percentage point, and the immediate promise of lower mortgages, and the market advanced further on Thursday when the prime minister made it clear that there would be no early return to the disciplines of the ERM.

Yet relief about having escaped from the Bundesbank's straitjacket of high interest rates was also mixed with concern about the outlook for inflation and Britain's balance of trade. Last month's deficit on visible goods was revealed to have been £1.7bn, worse than expected and the highest level for two years.

Such concerns found a poignant focus in the plight of British Aerospace, one of Britain's biggest manufacturing groups, which encompasses commercial amd military aircraft, weapons, Rover cars and property.

BAe's shares plunged by 86p to 113p after the group announced the loss of 3,000 jobs, the closure of its historic aircraft plant at Hatfield, Hertfordshire, and a proposed joint venture with Taiwan to manufacture regional jets. At that level the whole group had a market value of £426m – less than the £432m it raised in last year's rights issue.

BAe said it had lost £129m in the first half and would write off £750m on its regional jet operations in the second half. The group lost £278m in its commercial aircraft operations in the first half and £31m at Rover, wiping out the £296m it made from defence.

The rescue plan presented by Mr John Cahill, who became BAe's chairman four months ago, failed to impress the City and revived speculation that the group could could be bid for by GEC, the defence and electronics group.

Gloom about the state of British engineering increased when Vickers announced that Rolls-Royce Motor Cars, its loss-making luxury car subsidiary, would cut 950 jobs, or nearly a third of the workforce, from its plant at Crewe in Cheshire. On the same day Ford, the leading UK car maker, said to would cut 1,487 jobs at its British plants.

Vickers slashed its interim dividend to preserve cash for the other, profitable parts of the group – defence, aerospace, marine engineering and medical equipment. Despite an initial 39p fall, Vickers shares closed 5p higher at 84p on the day after analysts were assured that the job cuts were designed to achieve breakeven at Rolls-Royce Motor Cars by the year-end.

Of course, both BAe and Vickers were reporting their performance in an economic climate which has changed markedly since last's week's devaluation of sterling turmoil.

Institutional investors continued to show they were happy to get into equities, given the prospect of lower interest rates and possibly higher inflation. Yet the tentative nature of this advance is demonstrated by the way the market rose only on Tuesday and Thursday.

A sector that might be thought as poised to benefit from a drop in lower interest rates and higher inflation is housing, but even here the signals were mixed. Tarmac, Britain's biggest housebuilder, said it had to cut the number of homes it plans to build by up to a fifth after one of the worst trading periods in its history.

Sir Lawrie Barratt, who became the man most identified with wider home ownership in the eighties, revealed that he had managed to turn a £105.9m loss by Barratt Developments into a an £11.3m pre-tax profit, a result which boosted the share price by 67p to 57p.

However, Sir Lawrie, who came out of retirement to achieve this turnaround, still felt it necessary to write to the the prime minister, urging him to boost the housing market by cutting base rates to 6 per cent, ending stamp duty and raising the ceiling for mortgage tax relief.

It was a bad week for another symbol of the eighties' property boom, the Canary Wharf development in east London. Chemical Bank of the US joined American Express in refusing to move its European headquarters to the Docklands. Bankers also refused plans to take over the troubled development which were tabled by a group of US investors formed by Mr Paul Reichmann, founder of Canary Wharf.

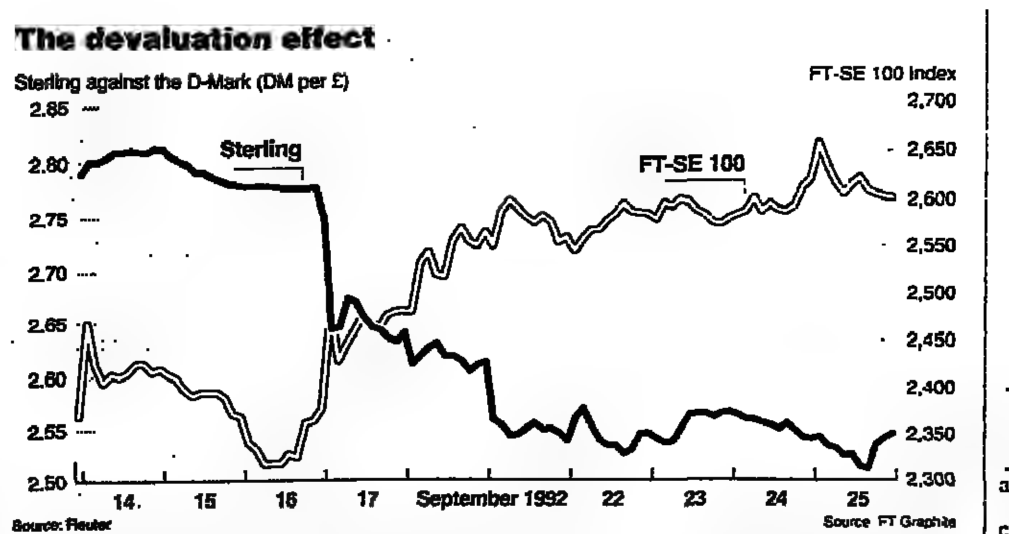
The market closed the week as it had started – in an uneasy mood. Germany and France seem to have succeeded *in fending off* a devaluation of the franc, raising the uncomfortable prospect that they might be prepared to proceed to a "fast-track" Europe which excluded the UK. It is one thing to have escaped the surly bonds of high German interest rates: quite another to be permanently excluded from a strong D-Mark zone.

One can scarcely criticise the City and industrialists for being uncertain about the economic outlook, when the government clearly has still to establish its new economic policy.

So far, the equity market has responded to devaluation by racing ahead in traditional fashion. However, further advances will depend on further interest rate reductions, which could be upset by continuing turbulence on the currency markets.

The pound yesterday touched a new low of DM2.509 before recovering slightly. If this is a bull market, it is a very timorous beastie.

The devaluation effect



Source: Reuter   Source: FT Graphite

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1992 High	1992 Low	
FT-SE 100 Index	2601.0	+34.0	2737.8	2281.0	Hopes of further base rate cuts
Amstrad	27	+4½	44	19	Poss 30p a share bid from Alan Sugar
Barclays	374	+28	410	274	Interest rate cut
British Aerospace	125	-84	379	100	Disappointing results
Glaxo	770xd	-60	943	632	Currency worries
Kleinwort Benson	298	+35	324	212	Upsurge in market activity
Lasmo	164	+16½	263	112	Re-rating/US presentation
Lloyd Thompson	219	+28	258	160	Profits up 28%/div increased
MEPC	278	+39	411	196	Alban Gate letting
Mowlem (J)	81	-10	171	52	Losses/int div cut
Racal Elects.	69	+5½	70½	45	Chubb demerger/bid speculation
Securicor A	559	+54	652	469	Cellnet stake spec/optimism
Thorn EMI	799	+79	888	633	Brokers positive/upgrades
Trafalgar House	58½	+11	165	39	Recovery
Wilson (Connolly)	142xd	+29½	221	96	Interest rate cut

Serious Money

A cheer for the knights at arms

by Philip Coggan, personal finance editor

READ the next few sentences and try to guess who is speaking about the life assurance industry.

"I should like to see a shift in competition away from who gives the best commission to who gives the best value to the customer. I hope that product competition will come to be stimulated by publication and comparison of charges. I hope that consumer interests might be better served through the availability of products without heavy early surrender penalties, and by greater emphasis being given to improving the persistency of policyholders."

Some of you will probably assume that the above comes from the mouth of a consumer pressure group, or more likely, from the pen of some know-nothing financial journalist.

In fact, those comments were made this week by Sir Bryan Carsberg, director general of the Office of Fair Trading, a government body with responsibility for ensuring competition and consumer protection.

Sir Bryan is a brave man. He made his remarks in a speech to the annual conference of the Chartered Insurance Institute. Judging by the reaction of the industry's trade body, one hopes he had a fast car waiting at the back of the hall. The Association of British Insurers dismissed his speech, saying Sir Bryan "betrayed a lack of understanding about the way the insurance industry operates."

Regular readers of the *Financial Times* will not be surprised to learn that I am on Sir Bryan's side. But judge for yourself whether his following analysis of life assurance products displays ignorance or shrewd observation.

"A key aspect of life assurance is the 'halo effect' of combining protection with investment. Customers might find it helpful to know how much they are paying for protection, that is, commonly, the right to receive the amount in question if they die before the end of the term of the policy. The costs are often only small sums but knowing them would enable customers to compare the investment element of life insurance more readily with alternative investment vehicles."

In other words, when you pay £30 a month for an endowment policy, how much is going to provide you with life cover, and how much is invested in stocks and shares? If you knew the answer, you could compare the policy with a combination of term assurance (basic life cover, with no investment element) and a unit trust savings plan.

Sir Bryan also dealt with commissions and the surrender penalties applied to endowment policies in early years.

"Given that such policies are mainly investments, people naturally ask why the bulk if not all of premiums should be lost on early surrender" he said. "This month's *Which?* consumer magazine shows that, for 40 different companies, surrender values at the end of year two on similar policies, averaged about £700 against total premiums paid averaging about £1,700. Why should consumers lose some £1,000 on such early surrenders? No other investments result in such heavy automatic losses."

Sir Bryan referred to the practice of "front-ending" commissions, whereby salesmen are paid heavily in the years immediately after selling a policy. "If commission depended more on the maintenance of policies over their extended lifetime, sales people might give more attention to whether the policy fitted the needs of the customer – the industry would be forced to address the quality of sale issue, and thereby reduce the level and costs of inappropriate sales."

To this observer, at least, Sir Bryan's analysis is splendid stuff. Given that he is about to advise the government on the SIB's review of retail financial regulation, one can feel that the consumer's interest is in safe hands.

Coincidentally, another Sir Bryan has been battling on the consumer's behalf. Sir Bryan Hayes, published a consultative document this week on the formation of a new regulatory body, the Personal Investment Authority (PIA).

The idea is beguilingly simple. Rather than the current alphabet soup of regulatory bodies, Lautro, Fimbra and the like, financial companies which deal with the private investor would be regulated by just one – the PIA. Consumers would know where to complain and uniform standards could be set across the industry.

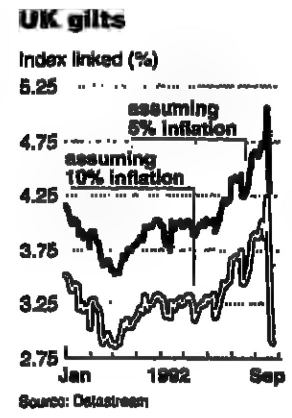
The snag is that the system will remain self-regulatory. No-one will be compelled to join the new body, they will have to be persuaded to do so. Since products such as life insurance are increasingly sold through banks and building societies, it is only logical that they should be regulated by PIA. But the major banks are reluctant, fearing that they will be swamped by the life companies and forced to pay, via the investors compensation scheme, for the mistakes of others.

To calm these fears, the consultative document proposes a 30 strong board, with a balance of industry representatives and consumers. An elaborate voting system would require major changes to be approved by 75 per cent majorities of the industry groups.

Although the PIA is a good idea, the structure seems a recipe for bureaucratic chaos. And the more you please the industry, the less you are likely to protect the consumer. A PIA with statutory backing would be a better solution, especially if Sir Bryan Carsberg were allowed to run it.

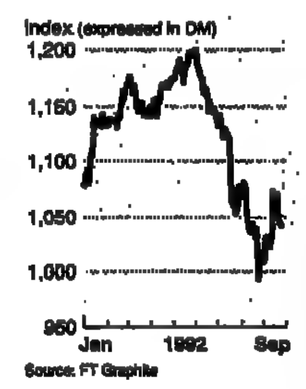
AT A GLANCE

UK gilts



Source: Datastream

FT-SE Eurotrack 100



Source: FT Graphite

Busy week for gilts

Gilts traders thought Tuesday's one percentage point cut in UK base rates was very bad news for inflation. This is shown by the behaviour of the market for index-linked gilts, whose coupon and redemption value are linked to the retail price index. Traders will pay more for index-linked gilts if they think inflation is likely to increase. In doing so the price of such gilts increases and the yield falls. The graphs show the real yields to maturity (the annual income plus the capital gain to redemption, expressed as a percentage of the current price), assuming inflation rates of 5 or 10 per cent. The calculations are complicated, but the graph shows how yields fell as traders rushed to buy the issues.

European shares slump

European share prices were hit this week by the continued turmoil in the currency markets with speculators turning their attention to the French franc. The Paris market was 2 per cent down on the week and Frankfurt DAX index fell 4.8 per cent. Shares in Milan, Amsterdam and Brussels also fell but the worst effects were seen in Sweden, where short term interest rates are still set at 50 per cent, and the stock market fell by 8 per cent over the week.

CU tops with-profits figures

Two new tables of with-profits maturity values were published this week. According to Money Management, the top five endowment performers over 25 years to August 1, assuming premiums of £50 per month (not £30 per month as used to be used), are Commercial Union (£111,540), Standard Life (£111,506), General Accident (£110,352), Royal London (£106,539) and Scottish Life (£105,925).

Planned Savings' league table, based on annual premiums of £100 for 25 years, has a similar sound to it. Top performers are: CU (£18,902), Standard Life (£18,431), GA (£18,367), Tunbridge Wells Equitable (£18,252) and Scottish Life (£17,998). Both magazines assumed that the policies were started by a 29-year-old man.

Facelift for Henderson trusts

Henderson has revamped its range of investment trusts Peps. Investors have the choice of putting all their funds into one of five investment trusts, or into the Collection Portfolio, which splits the investment equally between them.

The progressive investment option allows investors to put their money on deposit at institutional rates, and then drips money into the investment trusts over three, six or 12 months. This allows investors the advantage of pound-cost averaging. However, Henderson has decided not to enter into the competition on prices currently being waged by other Pep-providers. Initial charge is 3 per cent (plus VAT), transaction fee is 1.25 per cent, and the annual management fee is 1.5 per cent (plus VAT).

Fillip for smaller companies

It was an excellent week for smaller company shares as they joined the UK market rally. The Hoare Govett Smaller Companies Index (capital gains version) rose 6.9 per cent from 1009.02 to 1078.74 over the seven days to September 24. Meanwhile, the County index rose 6 per cent from 790 to 837.71 over the same period.

Wall Street

Insurance dividend gone with the wind

IT IS ONE of those curious cases of bad news being good news. On Thursday, Continental Corporation, which ranks 12th among US property and casualty insurers, announced that it was slashing its dividend for the first time since 1853 and taking $320m of pre-tax charges, mainly because of catastrophe insurance policy losses.

The culprits were Hurricane Andrew, which tore through Florida and Louisiana last month leaving some $20bn of damage, and Hurricane Iniki, which has just devastated one of the Hawaiian islands.

The company also said it would withdraw from the reinsurance business, and from its relatively small international operations, to concentrate on its core business. These actions would account for $120m of the special charges.

Continental's stock plunged by nearly 19 per cent on the day. The shock to the market was particularly severe because Continental's traditionally high dividend has made it attractive to investors.

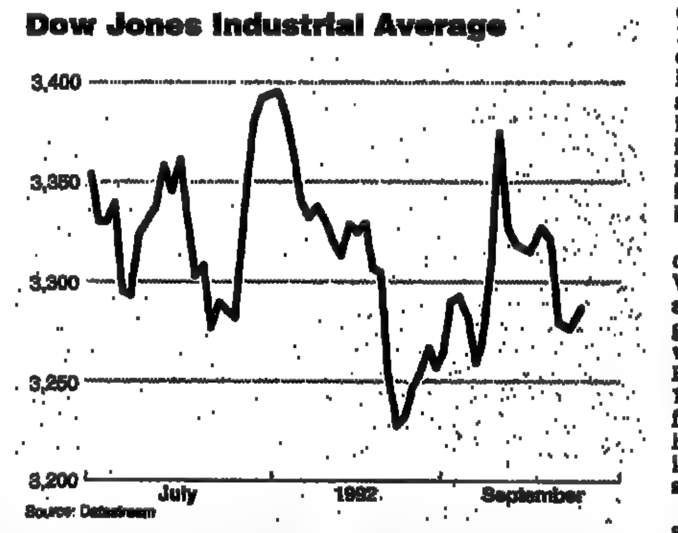
Even as Continental was plunging, the rest of the insurance sector began to rally smartly. The reason: analysts argued that its dividend cut was the firmest evidence yet that the property/casualty insurance cycle might at last be changing for the better. High quality reinsurance stocks, such as General Re, rose particularly strongly.

"I don't think anybody can say until three or four months from now that the turn occurred on September 24," said Frederick Sandburg, an analyst at Kemper Securities, "but the stocks are trying to tell you this is a significant event."

Property/casualty business insurance premiums in the US have fallen by around 40 per cent over the past five years as companies have engaged in aggressive rounds of price-cutting. The growing belief is that the weaker companies, reeling from Andrew and Iniki, will be forced to put up rates to rebuild depleted capital, and that others will happily follow suit.

There have been plenty of false dawns before. Several US catastrophes, such as last spring's Los Angeles riots, have been hailed as the turn in the cycle, but the sheer scale of this year's hurricane losses means that the time may have finally arrived.

Dow Jones Industrial Average



Source: Datastream

Only the day before Continental's move, the mighty Prudential Insurance Company of America quadrupled its estimate of losses from Hurricane Andrew to more than $1bn, which led Standard & Poor's the rating agency, to put the group's top-notch triple-A credit rating on review.

Another straw in the wind, suggesting the cycle may have turned, was an announcement at the start of the week that Primerica, the financial services group run by Sanford Weill, was to take a 27 per cent stake in Travelers, one of America's largest life insurers, with a sizeable property/casualty business as well.

Travelers went on a real estate lending spree in the 1980s that has left it with one of the worst property portfolios in the industry. It has spend months looking for an investor who would inject cash into the business and bolster its credit ratings, which have fallen worrying close to losing investment grade status.

Enter Weill, regarded as one of the canniest investors on Wall Street. He spent the 1960s and 1970s putting together a group of small brokerages which he sold to American Express for over $900m in 1981, and he has spent the last few years building the Primerica group into one of America's most profitable financial services businesses.

He has bought his stake for a good price – less than half stated book value – and he will clearly be playing a big role in revitalising the insurance company: Primerica will get four seats on the 16-person Travelers board and Weill will chair the company's finance committee. Wall Street liked the deal and Travelers' stock soared.

But even with his magic touch, Weill faces a long battle to turn Travelers around. He too is betting that the insurance cycle is on the turn. That is a powerful endorsement of Wall Street's hunch.

While insurance stocks soared, the week saw the automobile sector move out of favour as analysts weighed up further signs of a painfully slow US recovery and a flagging European market.

The equity market as a whole continued to be buffeted and bewildered by the wild currency gyrations in Europe, mounting fears of disappointing third quarter earnings, and growing uncertainty over the presidential election, amid signs that Ross Perot might be about to re-enter the race. Yesterday morning brought another batch of bearish economic statistics.

But while all these chills winds send the market twirling and dipping, it is still groping for a clear sense of direction.

Martin Dickson

Monday	3320.53	– 6.22
Tuesday	[illegible]	[illegible]
Wednesday	3278.69	– 2.16
Thursday	3287.69	+ 9.15
Friday		

The Bottom Line

Back in fashion in the City

AS THE wet weather was driving women into shops to give a good start to the autumn season, two of the best known high street names – Next and Laura Ashley – were warming City hearts with the latest chapters in their recovery stories.

Both have come through the fire of losses and debt reduction and both boast that they have returned to their roots in terms of customer appeal.

Next has once again caught the eye of the middle-market British woman (who no longer goes off fashion in her 30s) and of the trendy young man. It achieved a 14 per cent sales increase in its high-street shops.

Laura Ashley is reproclaiming its English country heritage in garments and home furnishing and calling itself a "lifestyle brand" rather than a retailer. It also highlighted its international profile – only 40 per cent of sales lie in the UK.

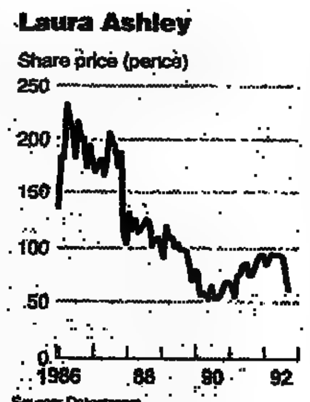
Next has made far more progress on the road to recovery. It returned to profit last year, making £12.3m pre-tax compared with losses of £40.7m. Its first-half figure bounced back from a mere £200,000 to £8.3m.

Laura Ashley, which lost £9.1m pre-tax last year, more than trebled its first-half profit to £1.68m. However, the bulk of this was contributed by its associates – bed linen in the US and Laura Ashley Japan. North America lost money, offsetting a turnround in the UK and a profit breakthrough on the continent.

Next, on the other hand, has finished its fire fighting (other than final damping down in the credit operation Club 24) and reported a jump in its operating margin from Next Retail and Next Directory to nearly 4 per cent, after a small interim loss last year. A further step up should come in the seasonally stronger second half.

A stark illustration of where the companies are in terms of restoring their fortunes is provided by the dividend. Next restored its interim and Lord Wolfson made encouraging noises about shareholders' prospects of sharing in future proserity. Laura Ashley omitted the payment again. Jim Maxmin, the chief executive, said: "It's too early in the recovery cycle."

Laura Ashley



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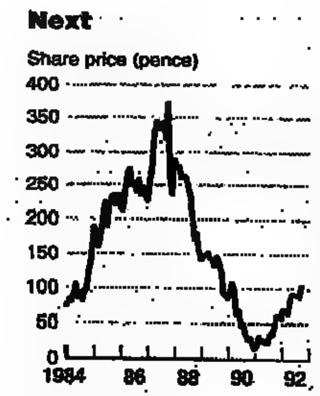


Both companies confirmed the health of their balance sheets after much restoration work. Next will have cash in hand at the year-end even after an £87m repayment of Eurobonds. Laura Ashley continued to reduce its debt, which is down to £6.5m.

Against a background of financial comfort in both camps, the questions revolve around future prospects and the extent to which the prognosis is in the share price.

Next's fine set of figures sent the share price back above 100p for the first time since early 1990. It settled at 101¾p last night.

Upgraded pre-tax profit forecasts of £26m for the full-year put it on a prospective price-earnings ratio of about 16. Next year's figure could top £30m as the full benefits work through of pruning the shop-chain – from 348 to 316 in the year to July – and re-establishing the brand's reputation.

Investors who piled in at the low point of 12.5p in January 1991 must be laughing all the way to the bank. Anyone thinking of buying now has largely missed the boat.

Laura Ashley presents a more tantalising picture, but must be accompanied by a health warning because of the North American problem.

The first lure is the fall in its share price from nearly 100p in July to around 60p for the past month. Even at this level, however, the prospective p/e is well over 30, assuming more than £6m profit this year. Some support is offered by the Japanese Aeon group's 15 per cent interest. (Sir Bernard Ashley, chairman, has 53 per cent and sold some shares at 82p late last year).

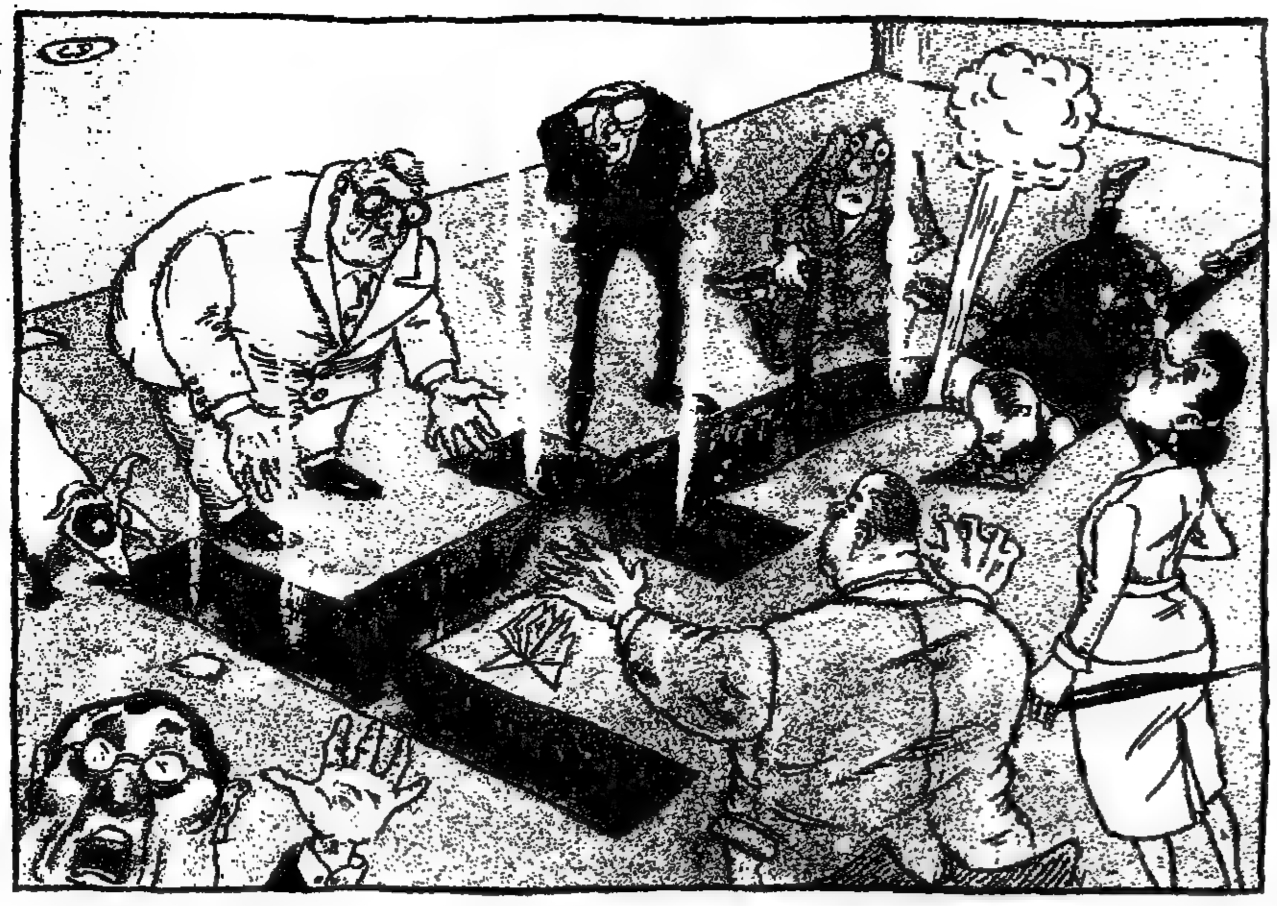
The second is that there is still a lot to improve. For instance, it fails to deliver 40 per cent of goods to the right place at the right time.

The third is the recovery potential, including the scope for the group to push its profit margin before tax and interest well above the 7 to 8 per cent that a UK high street chain like Next might achieve.

Even the cynics might start to buy if the share price slipped nearer to 50p.

Jane Fuller

The government cut base rates to 9 per cent on Tuesday. Finance and the Family writers discuss the impact on your mortgage and savings



What will you pay . . .

. . . And how much will you be able to save?

MORTGAGE rates began moving steadily downward this week in the wake of Tuesday's 1 per cent cut in the banks' base rate, writes David Barchard.

As usual, however, rates for new borrowers were cut quickest; existing borrowers will have to wait a month or so before seeing the benefit.

The medium-sized societies led the way, establishing a norm of around 9.95 per cent for mortgage rates, while the largest lenders paused to consider their strategy.

By the weekend, Abbey National and Nationwide, two of the top three lenders, had cut their basic mortgage interest rates to 9.95 per cent and the new rate was firmly established. Three banks, Royal Bank of Scotland, Midland and National Westminster, have now moved mortgage rates to under 10 per cent.

Halifax and the other big lenders now look set to fall into line. There is one exception: the centralised lenders, whose rates, mostly at 11.5 per cent, are far above the norm.

When they move, the chances are that most centralised lenders will cut their rates by a full percentage point. That will still leave them well above the building societies and banks, at least so far as their existing borrowers are concerned.

Building society mortgage interest rates do not often fall below 10 per cent in the UK. May 1988 was the last time they fell below this threshold, and that did not last long. To find a period when mortgage rates stayed below 10 per cent for a considerable time one has to go back to 1977-78.

This time may be different. Some economic pundits forecast a base rate as low as 6 per cent. Mortgage lenders are hoping that first-time buyers, and others who have been waiting before buying a home, will be tempted back into the market.

Those who prefer certainty may opt for the 8.25 per cent fixed rate mortgages being offered this week by National & Provincial and Cheltenham & Gloucester. Northern Rock is offering 8.89 per cent fixed for two years. The C&G offer, which lasts for two years, is particularly attractive because, unlike the others, it is not tied to the sale of property insurance and is available on an interest-only basis, as well as for repayment and endowment mortgages.

Most striking in the latest round of cuts is that societies have not passed on the full 1 percentage point cut to customers. It shows that societies are beginning to structure their mortgage interest charges along new lines. For the last two or three years, customers with very large mortgages have done much better than those with average-sized loans.

Abbey National's customers with mortgages over £100,000, for example, were being charged 9.99 per cent, when those with mortgages of £60,000 or below paid 10.7 per cent.

This week, Abbey National customers with mortgages under £60,000 must have been delighted to learn that their rates had been cut by 0.75 percentage points to 9.95 per cent, while those with mortgages over £100,000 enjoyed a much less impressive reduction of only 0.5 percentage points to 9.49 per cent.

It will take a good many years of low interest rates before lenders and homeowners forget the painful lessons of the last few years in the British housing market.

□□□

Building societies are traditionally slower to announce changes in savings than mortgage rates, although cuts in savings returns are usually put more quickly into effect, writes Philip Coggan.

A few institutions have started to lower savings rates already. At Nat West, for example, gross rates have fallen by a shade over 1 per cent with a £25,000-plus deposit in the Premium Plus account now offering 7.85 per cent, down from 8.91 per cent. The result is a fall in net rates by just over three quarters of a percentage point.

It seems likely given the recent complaints by building societies about margin pressure, that savers will suffer the full percentage point decline in gross rates, whereas homeowners are only enjoying a 0.75 of percentage point cut in mortgage rates.

The market for guaranteed income bonds has been in turmoil since the base rate change, which is why our Highest Rates table (page VI) excludes this category this week.

Baronworth Investment Services cites one company, Providence Capitol, which cuts its one year GIB rates by 2.5 percentage points on Thursday. The best offers on three-year bonds are just over 7 per cent net (Prosperity Financial services is offering 7.5 per cent on sums of over £15,000); to get 8 per cent, one has to invest as much as £50,000 for five years with Aetna.

The prospect for annuity rates is a matter of debate, since these depend not on base rates, but on the level of gilt yields. According to the Annuity Bureau, annuity rates are likely to rise.

But William Burrows of Sage Financial consultants says: "I cannot guess what the short term yields will do – but the general feeling is that long term rates will fall."

National Savings was quick to respond to this week's UK base rate change, with many of its products withdrawn from sale on Tuesday.

The 38th issue of fixed interest certificates, the Series E Capital bonds, First Option bonds, Issue C Children's Bonus Bonds and the 7.5 per cent Yearly Plan are no longer on offer.

New rates will be announced shortly. There will not necessarily be cuts of 1 per cent across the board, because of the tax-free nature of many of the products.

Changes in variable rate accounts have already been announced. As from October 6, the rate on the investment account will fall from 8.25 per cent to 7.25 per cent. From November 5, the return on income bonds will drop from 9 per cent to 8 per cent.

The 5th index-linked savings certificates, which pay a tax-free 4.5 per cent plus inflation if held for five years, remain on sale.

Don't hang out the flags just yet

John Authers on the effect of base rate cuts on property prices

BASE RATE cuts cannot possibly be bad news for the domestic property market.

However, homeowners should not hang out the bunting just yet. In the long term, the market will be boosted.

But there are several reasons to believe that this base rate cut will not, in the short-term, give house prices the upward push that normal theory suggests they should.

Part of the reason can be seen in market behaviour this year. If lower lending rates were enough, then the market should already be showing signs of life.

As the *Weekend FT* pointed out last month, the cost of servicing a mortgage as a proportion of average earnings, having increased to unsustainable levels in 1990, is back to the level of early 1988.

First-time buyers in particular should have been tempted back into the market by the array of special discounts which lenders were offering. Ian Darby, of mortgage brokers John Charcol, says they have had a range of offers below 10 per cent to consider for some months, and affordability is not the issue.

He says that the big issue is confidence. Young people are nervous for their jobs. While unemployment and the fear of it remain high, then, a strong pick-up in demand is unlikely.

This opinion is born out by a survey for the Woolwich building society of 18-25 year-olds' attitudes to house purchase. When asked which factors would determine when they bought for the first time, 80 per cent named job security, 70 per cent income and 56 per cent savings. Only 44.3 per cent named mortgage rates, while future house prices, the presiding concern of virtually everyone who is already on the "housing ladder" were important for only 11 per cent.

Last week's events were scarcely conducive to confidence. Deals fell through as nervous buyers decided not to bother, while estate agents report ridiculous offers from buyers trying their luck. This week's worrying news about job losses may be more important for first-time buyers than base rates.

However, the maths of buying is now appealing. A first-time buyer with the Leeds Permanent, the biggest lender to cut its rates this week, could fund a £60,000 mortgage with repayments of only £425.17 per month for the first year, and £526.63 after that.

Cheltenham & Gloucester, in arguably the most attractive fixed-rate deal currently available, would allow interest-only payments of just £360.94 per month to fund a mortgage of the same size, leaving the borrower with a full range of options to save towards the capital.

This kind of sum will in many cases be cheaper than the rent for an equivalent property, and should be enough to tempt many savers out of renting. The savings rates available to those who rent are coming down, adding to the arguments for taking a loan.

The rental market, meanwhile, has shown signs of life, particularly in areas such as London and the South East where homeowners have been particularly hard hit.

According to Rowena Gilbert, letting director with Chestertons, the biggest letting agency in London, the proportion of business from individuals, rather than foreigners or corporate clients, has increased dramatically over the last year. Rents have been stable for some time while the cost of buying has continued to decrease.

All of this points to pent-up demand for housing. But experts, such as John Wriglesworth of UBS Philips & Drew, point to a similar overhang of supply thanks to repossessions and inheritance. He does not expect prices to rise until the end of next year. Those sitting on "negative equity" need to stay put for another year.

For first-time buyers, this is a "time to buy" in terms of affordability, but it is not an investment opportunity – it would be most unwise to expect significant real returns from a house purchase.

Youngsters are unlikely to look at it this way. The British retain their addiction to home ownership and this could rescue today's straitened homeowners. The Woolwich survey found 83 per cent of 18-25 year-olds regarded a home as a sound investment, and 80 per cent wanted to buy.

Making the most of investing abroad

***Philip Coggan** looks at the best ways to take advantage of financial opportunities outside Britain*

THE FALL in the pound's value has highlighted the attractions of overseas investment for British investors. Not only is there the possibility of a windfall gain in the case of a sterling devaluation, but overseas bond and share markets often can outperform their UK equivalent.

So how does an investor venture abroad?

■ **Currency funds**

These invest in foreign currency money market instruments, and so offer a return which reflects the general level of interest rates in the overseas country. Earlier this week, for example, Rothschild's Deutschemark fund was yielding 8.6 per cent, the peseta fund 11.86 per cent, and the dollar fund just 2.23 per cent.

Caution is needed, though. There are no hard and fast rules in foreign exchange markets, as the past few weeks have shown. But a good guide is that the higher a country's interest rates, the weaker the currency. So, the higher yield available from a peseta fund might easily be cancelled out by a decline in the currency.

Conversely, those UK investors who switched into a dollar fund a few weeks ago, when the exchange rate was $2 to the pound, had to accept a very low yield. But they have already made a capital gain of around 17.5 per cent.

Currency funds can be used to postpone tax, which is payable only when money is brought back to the UK. So, money can be left to "roll-up" within the fund, compounding at the gross rate. An investor paying tax at the higher rate, and who expects to retire in a few years, might use a fund to postpone tax until he retires and drops to a lower tax band.

■ **Bond funds**

Non-British investors traditionally have held a good part of their investments in bonds, but the concept has been slower to catch-on in the traditionally inflation-ridden UK.

The appeal of an international bond fund is that interest rates should fall (and bond prices, therefore, rise) as the world economy tries to escape from recession. The investor might also benefit from any depreciation in the pound. Of course, the two effects could cancel out each other. Bond prices might fall, even if the pound declines, and a bond rally could be offset by sterling appreciation.

The long-term performance of such funds has been only moderate to date. The nine funds that have been running for five years have achieved an average growth (with income re-invested) of 19.9 per cent, a performance beaten easily by a building society although far superior to international equity growth funds.

But some experts believe that the 1990s will be the "decade of the bond," so returns might improve (see page VI for fund launches in the sector this week).

■ **Equity funds**

If you want to invest in overseas shares, you have a very wide choice. There are 166 unit trusts in the international growth sector, a further 19 classed as international equity income, 125 North American funds, 132 European, 88 Japanese, 106 Far Eastern and eight Australasian. In addition, there are 45 international investment trusts, 22 European, four North American, six Japanese, 26 Far Eastern, and a further six concentrating on "emerging markets" (see article below).

But the caveat which applies to bond funds is even more apposite for equities. Stock market movements can be both rapid and substantial – and can wipe out a currency gain easily. A UK investor might have decided correctly in August 1990 that the yen was due to strengthen against sterling. But if he had backed that hunch with an investment in Japanese equities, the 40 per cent fall in the Tokyo stock market would have wiped out his 15 per cent currency gain.

The risks and rewards are greatest with a single country fund. The average Australasian unit trust, for example, fell 40.1 per cent over the five years to September 1. But the Gartmore Hong Kong fund showed an 106.7 per cent gain over the same period.

A broadly spread international equity fund should reduce the volatility – although the 1987 crash showed that the world's major stock markets were quite capable of all falling together. Indeed, international growth unit trusts failed to live up to their name in the five years to September 1 – the average fund in the sector fell by 15.9 per cent, and only 13 of 103 showed any gain at all.

International general investment trusts did rather better with an average gain of 12.6 per cent, helped by a narrowing of the discount over the period.

When choosing an overseas unit or investment trust, there are two important factors to consider. One is income. Other markets traditionally have traded on a lower yield than has been available in the UK. At the beginning of September, the average yield on European investment trusts was 1.7 per cent, and 0.9 per cent on Japanese trusts, compared with 6 per cent on the average UK general trust.

The second factor is the personal equity plan rules. Trusts committed to keeping 50 per cent or more of their assets in the European Community qualify for the full £6,000 PEP allowance. But other trusts – including the biggest in the sector, Foreign & Colonial – qualify only for a £1,500 allowance.

Some readers may want to invest directly in overseas equities. This can be cumbersome, with brokers forced to impose additional charges to reflect settlement costs and dividend collection procedures. But Fidelity launched a specialist service recently for those interested in overseas investment, with a minimum commission of $38 for US stocks and £100 for European equities.

The Week Ahead

FOR Sears, the retailing group behind such names as Selfridges, Wallis, Dolcis and Olympus, the most interesting number at Tuesday's interims will not be the profit figure of about £20m before tax and exceptionals, but the size of the latter item and the fate of the dividend. Opinion is split over whether the 1.525p payment will be held.

Having sold the menswear division and warned of an accompanying £82m extraordinary charge, Sears will probably deal with its other problem division, footwear, above the line. One analyst estimated £40m to £50m of exceptional costs for the restructuring of the British Shoe Corporation.

Forte, the hotels group, announces half-year results on Thursday with City forecasts ranging widely from pre-tax profits of £25m to £40m, compared with last year's £42m. Attention will be focused on the prospect of senior management changes. Although analysts do not expect any immediate word on the possible retirement of chairman Lord Forte, the group might announce the appointment of some non-executive directors.

Results on Friday from Amstrad, the electronics and computer company, are expected to show a loss for the year to June 30 of about £70m. The company's PC business, which provides it with the bulk of its revenue, has been battered as the industry's major players have been engaged in an all-out price war.

The company might cut or pass its dividend. Even if one were paid, it would not dent Amstrad's £100m cash pile. However, given Alan Sugar's stated interest in buying back the shares at 30p, and the expected size of the company's loss, many analysts expect the dividend to be passed.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Amber Day	Jul	7,530	(10,140)	3.87	(6.81)	3.1	(2.7)
Baillie Gifford Japan	Aug	288 L	(100)	-	(0.49)	-	(-)
Barratt Develop	Jun	11,300	(105,900L)	7.8	(-)	2.0	(3.21)
Barrett & Fountain	Jun	3,550 L	(2,310)	-	(2.2)	-	(-)
Bryant Group	May	20,300	(10,300)	5.5	(3.4)	4.8	(4.6)
Cantors	Apr	2,100	(2,530)	10.0	(12.7)	4.0	(4.0)
Creston	Jun	1,090 L	(554 L)	-	(-)	-	(-)
Davies (DY)	Apr	1,670 L	(543 L)	-	(-)	-	(-)
Dorling Kindersley	Jun	7,500	(3,660)	-	(-)	-	(-)
Ecu Tst	Aug	328‡	(506‡)	1.09	(1.69)	1.0	(1.3)
EFM Dragon Tst	Aug	507	(470)	0.11	(0.10)	0.06	(0.06)
Elonex	Apr	8,080	(7,340)	-	(-)	-	(-)
Gent (RR)	Jun	2,290	(1,080)	3.4	(1.3)	2.0	(2.0)
GT Venture Inv Co	Jun	438†	(468†)	3.01	(3.2)	2.5	(2.5)
Hays	Jun	67,400	(66,800)	10.33	(10.0)	4.6	(4.0)
Lloyd Thompson	Jun	14,400	(11,250)	12.36	(9.95)	5.6	(4.5)
MAI	Jun	71,200	(66,300)	13.7	(12.6)	6.0	(5.3)
Mucklow (A&J)	Jun	10,900	(10,800)	7.66	(8.11)	5.92	(5.64)
Murray Ventures	Jun	4,280	(3,990)	12.2	(12.0)	10.3	(10.3)
Ricardo Int'l	Jun	2,040	(4,650)	3.6	(9.9)	5.7	(5.7)
Southern Newspapers	Jun	7,010	(8,610)	20.1	(26.7)	11.2	(10.6)
SWP Group	Jun	30	(826)	0.1	(2.2)	-	(0.6)
Throgmorton Dual	Jul	2,250	(2,700)	7.02	(8.41)	7.0	(6.75)
Tor Inv Tst (Income)	Jul	1,330‡	(1,650‡)	32.8	(40.6)	40.0	(39.0)
Wharfedale	Jun	2,940 L	(1,220 L)	-	(-)	-	(-)
Whinney Mackay	Apr	436 L	(676)	-	(5.1)	-	(2.0)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Acsis Group	Jun	285 L	(1,320 L)	-	(-)
Anglia TV	Jun	4,830	(3,070)	2.86	(2.86)
Antofagasta Hldgs	Jun	8,900	(9,600)	6.0	(6.0)
Appleyard Group	Jun	1,750	(1,510)	2.6	(2.6)
Arcolectric	Jun	378	(184)	0.55	(0.83)
Ashley (Laura)	Jul	1,680	(520)	-	(-)
Atlas Converting	Jun	2,270	(3,080)	7.0	(7.0)
Baillie Gifford Tech	Aug	17 L	(39)	-	(-)
Barings	Jun	11,800	(24,300)	-	(-)
Black (A&C)	Jun	254	(184)	4.25	(4.25)
Brake Bros	Jun	7,120	(6,950)	1.85	(1.65)
Breedon	Jul	1,040	(1,650)	1.75	(1.75)
Brent Chemicals	Jun	8,400	(4,610)	1.6	(1.6)
Bristol & West	Jun	13,100	(39,200)	-	(-)
Britannia Group	Jun	165 L	(3 L)	-	(1.0)
British Aerospace	Jun	129,000 L	(66,000)	3.0	(8.9)
British Fittings	Jun	1,020 L	(1,710)	0.5	(1.37)
Brixton Estate	Jun	12,800	(11,750)	3.0	(2.9)
BSG Int'l	Jun	8,570	(6,510)	0.7	(0.7)
Business Tech	Jun	212	(184 L)	-	(-)
Caverdale Group	Jun	272 L	(247)	-	(-)
Clarke Nickolls	Jun	218 L	(72)	-	(0.33)
Clyde Petroleum	Jun	5,480 L†	(4,660 †)	-	(0.5)
Comac Group	Jun	44	(187)	-	(-)
Copymore	Jun	508	(606)	1.0	(1.0)
Costain Group	Jun	2,500	(5,700)	-	(4.75)
CrestaCare	Jun	312	(970)	0.1	(0.7)
Dagenham Motors	Jun	1,130	(1,010)	1.75	(1.75)
Dencora	Jun	20	(210)	-	(-)
Dinkie Heel	Jun	110	(90)	0.38	(0.38)
Dunloe House	Jun¶	432 L	(165 L)	-	(-)
Edinburgh Fund Man	Jul	1,690	(2,460)	5.0	(5.0)
Elswick	Jul	1,720	(1,010)	0.15	(0.22)
Ere Group	Jun	1,660 L	(961 L)	-	(-)
Fired Earth Tiles	Jul	6	(135)	-	(1.62)
Fisher (James)	Jun	2,260#	(1,900#)	0.5	(2.0)
French Property	Jun	133‡	(384‡)	-	(-)
Geest	Jun	15,400	(15,100)	3.7	(3.6)
Hampden Group	Jun	202	(175)	0.2	(0.2)
Harrington Kilbride	Jun	422	(288)	1.5	(-)
Hartons Group	Jun	638 L	(2,090 L)	-	(-)
Haslemere Ests	Jun	6,900	(5,270)	-	(-)
Havelock Europa	Jun	1,600 L	(2,180 L)	-	(1.5)
Hay (Norman)	Jun	393 L	(65)	-	(0.5)
Headlam Group	Jun	465	(213)	0.75	(0.75)
Headline Book	Jun	604	(378)	1.5	(0.5)
Helene	Jun	812	(706)	0.65	(0.65)
Henderson Highland	Aug	934	(1,010)	1.4♠	(1.4♠)
Highcroft Inv Tst	Jun	464	(420)	1.0	(1.65)
Hopkinsons Group	Jul	1,340	(3,020)	0.9	(1.2)
Hornby Group	Jun	166	(541)	-	(-)
Huntleigh Tech	Jun	2,350	(932)	4.0	(1.75)
ISA Int'l	Jun	1,320	(1,030)	0.48	(0.41)
Jardine Strategic	Jun●	211,000	(194,000)	3.8	(3.5)
JMD Group	Jun	150 L	(70 L)	-	(-)
Lambert Howarth	Jun	1,360	(1,490)	4.25	(4.0)
Liberty	Aug	648	(1,650)	1.85	(1.85)
London Securities	Mar	6,560 L	(5,250 L)	-	(-)
Macallan-Glenlivet	Jun	2,840	(3,350)	0.3	(0.25)
Metalrax Group	Jun	3,320	(3,307)	1.0	(0.91)
Microvitec	Jun	62	(2,210 L)	-	(-)
More O'Ferrall	Jun	936	(812)	3.2	(3.2)
Morrison (Wm)	Aug	36,200	(27,000)	0.16	(0.13)
Newarthill	Apr	9,210 L	(5,350 L)	-	(-)
Next	Jul	8,300	(200)	0.5	(-)
Norish	Jun¶	1,000	(903)	4.47	(4.47)
P-E International	Jun	514	(1,830)	1.0	(2.0)
Pittard Garnar	Jun	1,270	(1,040)	0.5	(-)
Refuge Group	Jun	-	(-)	9.6	(9.0)
Ross Group	Jun	1,350	(101)	0.2	(0.15)
Rover Group	Jun	31,000 L	(43,000L)	-	(-)
Russell (Alexander)	Jun	354	(621)	1.0	(1.0)
Rutland Tst	Jun	3,540	(3,870)	0.27	(0.27)
Schroders	Jun	-	(-)	6.0	(5.0)
Seafield Resources	Jun	836	(9 L)	-	(-)
Securs Tst	Jun	3,440	(3,130)	4.0	(3.5)
Sentry Farming	Jun	286 L	(361 L)	-	(-)
Sheffield Insulation	Jun	1,360	(1,050)	1.8	(1.8)
Spirax-Sarco	Jun	10,500	(9,440)	2.7	(2.7)
Spring Ram	Jun	18,400	(16,300)	0.1	(0.09)
Tarmac	Jun	15,100 L	(18,200)	3.0	(3.0)
Telemetrix	Jun	673	(2,470)	-	(-)
Tesco	Aug	252,800	(229,600)	2.25	(2.0)
Travis Perkins	Jun	5,280	(5,470)	2.5	(2.5)
TT Group	Jun	7,470	(6,770)	2.4	(2.2)
TV-am	Jun	9,050	(6,720)	4.0	(4.0)
TVS Entertainment	Jun	7,600	(10,900L)	-	(-)
Unidare	Jun¶	2,450	(2,350)	4.3	(4.1)
United Newspapers	Jun	46,500	(38,600)	7.5	(7.5)
Vardon	Jul	337	(-)	0.25	(-)
Vickers	Jun	4,100 L	(4,300 L)	0.5	(3.7)
Whatman	Jun	4,500	(4,370)	3.1	(2.8)
Wolstenholme Rink	Jun	1,680	(1,240)	6.5	(6.3)
Yule Catto	Jun	10,200	(9,870)	2.5	(2.3)

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L = loss. # = Operating profits. † = Net profits. ‡ = Net revenue. ¶ = Figures quoted in Irish pounds & pence. ♠ = 2nd interim dividend. ● = Figures quoted in US dollars & cents.

OFFERS FOR SALE, PLACINGS & INTRODUCTIONS

Havelock Europa is to raise £2.97m via a placing of 10m shares at 31p and an open offer on a 5-for-8 basis at the same price.
JMD Group is to raise £3.9m via a placing and open offer of up to 32.2m new 5p shares and a subscription for a further 2.6m shares.
Wharfedale is to raise £5m via a placing and open offer on a 12-for-11 basis at 10.5p.

Markets with exotic appeal

*Once ignored, now they are in demand, reports **Philip Coggan***

EMERGING markets are one of the investment fashions of the moment. Hitherto ignored areas such as Latin America suddenly are attracting international investors.

There can be some disagreement about what constitutes an emerging market, but these countries are found mainly in south-east Asia, Latin America and southern parts of Europe. Their attraction is that economic growth tends to outstrip that of the industrialised world, while their economies are being liberalised and opened up.

As *Fund Research* puts it in a new report: "Although emerging markets account for 13 per cent of the world's GNP, and perhaps 80 per cent of the world's population, their market capitalisation is only 6 per cent of total world capitalisation and they probably represent only around around 0.5 per cent of institutional investors' total portfolio holdings."

For the private investor, the only real way of tapping the potential growth of these markets is via a unit or investment trust. These fall into three categories of fund; single country, regional and global.

Single country funds offer the riskiest ride. The markets can be very illiquid, with managers able to buy only a few shares. In Colombia, for example, 82.5 per cent of the market's capitalisation at the end of June consisted of just 10 stocks.

If a unit trust manager is forced in such markets to sell shares to meet redemptions, he might have to accept fire sale prices. This will affect performance adversely. And whereas an investment trust manager can escape these problems, the investor in such a fund can be faced with the alarming swing from premium to discount.

Oil drilling in Colombia, where 10 stocks dominate the market

Many single country funds, listed in London but based offshore, have had particular problems with discounts. A recent analysis by Olliff and Partners shows that the average discount in the sector is 35 per cent.

Regional funds offer the investor some protection against these problems but are not immune. A region's markets can rise and fall together, even if economic performance is not in sync. *Fund Research* says: "Falls across Latin American countries have given the appearance of a correlated decline, whereas this effect was exacerbated by a general withdrawal of hot money from overseas investors."

The Latin American investment trust was the best performer of all investment trusts in 1991, but is down by 18.6 per cent over the year to September 1.

Global funds should, in theory, offer less volatility. While the individual markets are highly volatile, research seems to indicate that a basket of such investments is no more risky than a mainstream stock market such as the UK. A basket of stocks should offer a better return, too.

Now, alarm bells ought to sound whenever someone claims they can achieve a higher return at no extra risk. But enthusiasts claim emerging markets are "inefficient, allowing you to pick up attractive assets at bargain prices. On the other hand, a global fund manager has an enormous range of countries and potential investments to analyse. The sheer scope of the task could be defeating.

So, returns can vary enormously. There are six emerging market investment trusts, of which the best performer over three years was Templeton, with an impressive 70.4 per cent. But the worst performer, New Frontiers Development, lost 28.1 per cent.

Among unit trusts in the field, the best performer has been Prosperity Emerging Markets, which is second in the international growth sector over five years with a rise of 27.6 per cent.

But private investors should remember that any equity investment involves risk and should be entered only for the long term – which means at least five years. Most experts would agree that emerging markets should represent only a small proportion of a private investor's portfolio.

Deadline nears for BES relief

THE DEADLINE for carrying forward BES tax relief from the last tax year is October 5. The rules are complex but provide opportunities for those who did not shelter any funds from tax last year.

Only half, at most, of any investment you make now can be carried back to 1991-92; even then, there is a limit of £5,000. Thus, if you invest £5,000, only £2,500 can be carried back; if you invest £15,000, just £5,000 can be carried back.

This autumn's BES season has been overshadowed by the arrival of non-recourse loans from banks which sponsor schemes. These have been of no use to standard-rate taxpayers so far, but allow top-rate taxpayers to get a return after a year.

But supplies of the two schemes offering such loans, sponsored by Close Brothers and Johnson Fry, are now exhausted. Three more conventional contracted-exit companies are still available; these are Accumulus, sponsored by Terrace Hill Capital and with a bank guarantee from Standard Chartered; Cavendish Wates, sponsored by Smith & Williamson; and Airways Assured II.

Scottish solicitor Neill Clark is offering some more esoteric schemes. Unchained Growth II has covenants from developer Laing Homes and managing agent Graham Harvey – although not from any large financial institutions – to pay £1.40 in five years for every £1.00 invested now. Reversionary Gains IV is aiming to raise £2m to buy home reversions from the elderly.

Meanwhile, a trading company called Spirit of 1992 is aiming to raise £750,000. The company will produce whisky on the Isle of Mull and aims to wind up within six years. There are no guarantees, and trading companies are inherently more speculative than property BES companies.

John Authers

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £ms**	Bidder
	Prices in pence unless otherwise indicated				
Elymnd	5.4	4½	4½	7.50	Abbot Hldgs
Continuous Stat	40*	38	34	6.80	Prontaprint
Gibbs Mew	200*	188	183	11.00	Brierley Inv
TVS Entertainment	25	21½	18¾†	15.50	Int Family Ent
Do. Pref.	46	43	38†	22.60	Int Family Ent

*All cash offer. ††Cash alternative. §For capital not already held. ‡Unconditional. **Based on 2.30 pm prices 25/9/92. §§Shares & cash. † Suspended.

RESULTS DUE

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS				
Adwest Group	Friday	1.25	5.75	1.25
Amstrad	Friday	0.4	1.0	0.4
Beckman (A)	Thursday	1.63	3.15	1.63
Birkby	Wednesday	-	-	-
BM Group	Wednesday	1.8	1.8	2.1
British Building & Eng App	Tuesday	0.8	-	-
Cornwell Parker	Thursday	-	-	-
Eleco Holdings	Thursday	2.3	2.8	2.3
Frogmore Estates	Thursday	3.2	10.6	3.4
GT Japan Inv Tst	Monday	0.4	0.75	0.4
JF Pacific Warrant Co	Wednesday	-	-	-
Lincat Group	Wednesday	1.8	5.3	1.8
Norex	Wednesday	-	2.0	-
Prestwick Holdings	Tuesday	0.5	1.0	0.5
Prior	Wednesday	-	-	-
Scottish Asian Inv Co	Wednesday	-	-	-
Surrey Group	Tuesday	-	0.05	-
Thorpe (FW)	Tuesday	0.7	1.45	0.8
Unigroup	Wednesday	-	-	-
INTERIM DIVIDENDS				
Alexon Group	Thursday	3.0	7.8	-
Anglo Pacific Resources	Wednesday	-	-	-
Aran Energy	Wednesday	-	-	-
Asda Property Holdings	Thursday	1.35	-	-
Ash & Lacy	Friday	2.5	2.9	-
Bank of Scotland	Wednesday	1.7	2.65	-
Beradin Holdings	Wednesday	-	0.55	-
Billton	Friday	5.67	12.33	-
Blockleys	Wednesday	1.95	1.43	-
BLP Group	Wednesday	-	-	-
Boosey & Hawkes	Tuesday	5.5	14.5	-
Bostrom	Wednesday	0.5	3.5	-
Brent Walker	Wednesday	-	-	-
British Shoe	Tuesday	-	-	-
Broadstone Holdings	Tuesday	-	-	-
Cambridge Isotope Labs	Wednesday	-	-	-
Clifford Foods	Friday	4.4	7.1	-
Cluff Resources	Wednesday	-	1.0	-
Densitron Int'l	Thursday	-	-	-
Dolphin Packaging	Friday	1.7	2.8	-
El Oro Mining	Wednesday	-	24.0	-
EW Fact	Wednesday	1.21	3.1	-
Exploration Co	Wednesday	-	12.0	-
Fleming Inc & Cap Inv Tst	Wednesday	-	-	1.0
Forte	Thursday	2.75	7.16	-
Global Group	Tuesday	0.2	0.3	-
Greenacre Group	Monday	0.125	0.125	-
Hogg Group	Wednesday	3.15	5.0	-
Holt (Joseph)	Monday	9.0	26.0	-
How Group	Monday	1.0	1.5	-
Jove Inv Tst	Wednesday	-	-	-
Linread	Monday	2.0	1.5	-
Martin (Albert)	Friday	1.7	2.7	-
Metsec	Monday	2.7	3.7	-
Padang Senang Holdings	Wednesday	-	0.8	-
Pict Petroleum	Thursday	-	-	-
Ramco Oil Services	Wednesday	-	2.0	-
Ratners Group	Wednesday	2.4	-	-
Redland	Thursday	8.25	16.75	-
Reed Executive	Friday	-	-	-
Richards Group	Tuesday	1.65	2.75	-
Scottish TV	Friday	2.67	13.12	-
Sears	Tuesday	1.52	3.83	-
Sherwood Group	Tuesday	3.9	7.5	-
Singapore Para Rubber	Wednesday	-	1.1	-
Smurfit (Jefferson)	Tuesday	2.202	-	-
Sykes-Pickavant	Wednesday	2.25	3.5	-
Time Products	Thursday	2.65	4.85	-
T&S Stores	Tuesday	2.25	3.25	-
Watts Blake Bearne	Tuesday	2.7	6.6	-
Wilkes (James)	Friday	4.75	5.25	-

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue.

Doctors' dilemma on tax

DOCTORS may face a taxing problem. Since the beginnings of the National Health Service, GPs have been classed as self-employed and taxed under schedule D, even though some of their circumstances might suggest relegation to the less generous schedule E.

Dr Joe Neary, a Cambridgeshire GP, experienced what he saw as a challenge to the tax status of GPs when he applied for approval of a profit-related pay scheme for his four employees. "I got a negative response from the Revenue, based on the argument that the enterprise of general practice is entirely government funded," he told a medical magazine, adding: "I saw no point in chasing it through the courts as this might be counter-productive if GPs' schedule D tax status was questioned."

Instead, Neary told the *Financial Times*, he went through his own political channels. He made informal contact with Gillian Shephard, the employment secretary who is MP for Norfolk SW. She confirmed what the Revenue had said.

The profit-related pay issue became academic for him as, in the event, his first year in practice yielded far less than expected. But he says that if he nets a profit next year of more than £42,000, the national intended standard, he will pay staff bonuses reflecting their extra dedication. Since his scheme will not have been approved, however, the staff will have to pay tax on the performance-related payments.

Barbara Ellis

FINANCE AND THE FAMILY

Planning Your Pension

The importance of preparing for the day when you retire

By the time you retire, it is possible that your pension, and not your house, will be your greatest single asset. However, few people understand either how much they have invested, or how much they are entitled to invest.

Over the coming weeks, the *Weekend FT* will publish a series of articles to explain your entitlements, and the *different bodies which could provide a pension.*

If you want to take advantage of the full Inland Revenue tax benefits for long-term pension saving there are three choices of provider: the government, your employer, or a personal pension via an independent fund manager or insurance company. This first article explains the pension provision available from the state.

THE STATE will *support you in your old age* – but that support is designed to fund fish and chip suppers rather than haute cuisine. And even the limited state pension system faces horrendous problems as the average age of the population increases.

These problems are so big that the government has been offering incentives for investors to opt out of the state scheme. All of which goes a long way to explaining why pension planning is so important – and so difficult.

The state's pension provision comes in two layers: the "basic pension" and then, for some, the "additional pension" – known to most as Serps (the state earnings-related pension scheme). The government then provides tax reliefs of varying *sizes to allow companies and* independent providers a chance to compete.

To take the two tiers in turn:

■ **Basic pension**

Everyone who pays the full rate (Class 1) National Insurance contributions for most of their working life is eligible for the basic pension, and the payment of NICs is compulsory for those who are employees.

Some women still pay the reduced rate of NIC, which does not give them a right *to this pension. The self-employed* build up a right to the basic *pension through paying Class 2* NICs.

The rules governing the basic pension are as follows:

1. *It is* paid weekly (as are contributions) and rises in line with retail price inflation at the beginning of each tax year. The present pension is £54.15 for a single person.

2. It is paid only when a man has reached 65 or a woman 60. You cannot take a basic state pension if you retire from your job early but you can defer taking it until 70 for men and 65 for women.

3. For married couples, if one partner retires and the other is not working, an extra £32.55 is paid. If that partner is over the relevant retirement age, it will go to them direct – otherwise, it goes to the partner who *has reached retirement age.*

One further complication: if you retire but your partner is still working, then the extra pension is not payable until they do retire. The maximum a household can receive under this system is a less-than-princely £86.70 per week, or £4,508.40 in a year.

■ **Additional pension**

Whether you are in Serps might well depend on your employer. Large companies tend to "contract out" and provide their own pension scheme. But many small companies cannot afford the commitment of funding their own pension scheme, so rely on Serps to do *the job for them. Self-employed* people do not have the option of Serps.

So, if you work for a company and have not signed up for a "contracted-out" pension scheme, you are contributing towards Serps by default. Whether you should be doing so is another matter.

The basic promise of Serps is *to pay 20 per cent of your average earnings as a pension once* you have retired. These are adjusted for inflation, and include every year between the age of 16 and state retirement age.

Thus, under the present system, a man needs to start work at 16 and pay National Insurance contributions for 49 years to be entitled to the full Serps pension. Employers also pay NICs on their employees' behalf towards Serps.

The scheme has become a political football, though. When introduced under Labour in 1978, it offered to pay an income of 25 per cent of the average of the 20 highest-paid years of employment. But there are complications.

Ammendments introduced by the Conservatives in 1988 are being phased-in gradually over 49 years. Those retiring on or before the 1998-99 financial year will have their pension based on the more generous Labour system.

Anybody reaching retirement age after 2037-38 for men, or 2032-33 for women, will be on the new system. All those who fall in between will be paid their pension via a hybrid system.

A further qualification is that the earnings to which the scheme is related are not total earnings but only an employee's earnings between two strict bands. The lower earnings limit is £54 a week while the upper limit, or "cap," is £405, equivalent to £21,060.

Even if you earn £100,000 a year, your entitlement will be worked out on the assumption that you earn £349 a week (the difference between upper and lower limits). Similarly, those paid under £54 a week have no access to Serps.

Finally, if you were working between 1961 and 1975, you *might qualify for a small* "graduated pension" worth up to £5.50 a week. This system was replaced by Serps.

As with the basic scheme, Serps' pensions cannot be taken until 60 for women and 65 for men. Pension payments then are index-linked.

Serps can thus be described as a safety net – although *barely adequate – for those* who are employed and cannot be bothered to take any action over their pension. NICs to fund it are not tax-deductible and income tax is payable in the usual way on the pension you get in retirement. So, this arrangement has no claim to "tax-efficiency" and does nothing for the self-employed.

Many people effectively will contract-out of Serps when they sign up for a company pension scheme. If you do not belong to such a scheme, but still leave Serps, the government automatically will pay money into an appropriate personal pension set up by an insurance company or fund manager (of which more later in the series).

Contracting-out is done year by year, so you can contract back in. Then, when you retire, you would be paid income in differing proportions by the government (for the years when you were contracted-in) and by the personal pension provider.

Ultimately, Serps should be regarded only as a very basic building block for your pension. You need added options, which we start to cover next week.

But even with the vast funds at its disposal, the problems the government has in funding pensions should make painfully clear that planning by the individual is not easy.

■ *Many of the points covered in this article are explained in detail in The Equitable Guide to Saving for Your Retirement, by Eric Short, published by Bloomsbury Publishing Ltd, 2 Soho Square, London W1V 5DE. Price £9.99.*

■ *If you want to check the present value of your state pension, complete Pensions Forecast Form BR19, available from local department of social security offices.*

John Authers

Flat-fee Pep

MARTIN CURRIE has followed Foreign & Colonial in launching a flat-fee investment trust personal equity plan, writes Philip Coggan. It is linked to four trusts managed by the group, Securities Trust of Scotland, Martin Currie Europe, Scottish Eastern and St Andrew. The initial fee is £50 plus annual membership of £60, at £5 a month. The charge for transferring an existing Pep is £15, plus the initial fee. Subsequent investments, or withdrawals, cost £20.

The plan is most beneficial to those who can invest the annual limit of £6,000. At that level, a higher rate taxpayer investing in the Securities Trust of Scotland (yield 6.6 per cent) would save £158.40 in income tax, earning back the charges within a year. But a basic rate taxpayer investing the minimum of £2,000 in Martin Currie Europe (yield 0.4 per cent) would save just £2 in tax a year. It would take 55 years merely to earn back the first year's charges.

Directors' Transactions

DIRECTORS have continued to show faith in the medium term future of their companies, with further buying in the week of currency turmoil. Not only does the market's sharp rally vindicate the heavy buying seen in recent months, but it also leaves scope for the emergence of frustrated would-be sellers over the short term.

John Murray, a non-executive director of Southern Business Group, a photocopier supplier, has sold more than 1m shares at 79p – down sharply from the 94p level at which Paul Roberjot disposed of 150,000 shares at the end of July. The company's year-end is September.

The insurance broking sector has had a miserable 1992 after a relatively buoyant 1991. Nowhere is this more pronounced than in the share price of Bradstock Group.

Directors sold heavily in April, June and September last year at prices around 150-165p. During the summer, though, the shares collapsed, hitting a low point of 83p. Now, with the price rallying, directors have taken the opportunity to offload a further 225,000 at around £1 apiece.

Shares in Shandwick, the public relations company headed by Peter Gummer, have surged lately, albeit from a very low base. Further purchases by Gummer and Lord Chalfont bring the total bought during the past two weeks to just over 5m. The most recent deals were made at 5p against a present price of about 15p.

Angus MacDonald, Directus Ltd

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

Company	Sector	Shares	Value	No of directors
SALES				
Bradstock	InsB	225,000	229	2
BTR	Oth	45,000	203	2*
EIS Group	EngG	6,685	24	1
Hanson	Cong	104,886	234	1*
Life Sciences Intl	Hlth	100,000	128	1
Scantronic	Elec	100,000	43	1
Serco	BuSe	30,000	172	1
Southern Business	Misc	1,005,000	794	1
PURCHASES				
Blue Circle	BdMa	20,000	27	2
British Dredging	BdMa	30,000	21	1
Burton	Stor	60,000	20	2
Flextech	Med	20,000	10	1
Gartmore Emerg Pac	InTr	25,000	12	1
Helical Bar	Prop	50,000	40	1
Hillsdown	FdMa	270,000	216	2
Lionheart	Misc	100,000	11	1
Mid-Wynd	InTr	7,000	15	1
MTM	Chem	395,500	115	6
Parkland Text Ord	Text	42,170	57	2
Ransomes	EngG	85,500	11	5
Royal Bank of Scot	Bank	10,000	15	1
Scantronic	Elec	25,000	11	1
Shaftesbury	Prop	100,000	43	1
Shandwick	Med	1,190,000	57	2
Southend Property	Prop	50,000	20	1
Sphere IT	InTr	100,000	12	1
St Modwen	Prop	90,000	11	1

?Value expressed in £000s. Companies must notify the Stock Exchange within 5 working days of a share transaction by a director. This list contains all transactions, including the exercise of options (*) if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange 14-18 September 1992.

Source: Directus Ltd, Edinburgh

FINANCE AND THE FAMILY

If the price is right . . .

***Philip Coggan** watches brokers hone their competitive edge*

COMPETITION is a marvellous thing. Following Fidelity's relaunch of its stockbroking service two weeks ago, Sharelink has moved in to undercut Fidelity's commission rates.

On deals worth over £8,000, Sharelink will now charge a commission of just £50. This compares with the £65 charged by Fidelity on deals worth £7,500 to £10,000, rising to a maximum of £250 on deals worth £100,000 plus. Sharelink says its rates are lower than Fidelity's for all deals over £5,500.

Fidelity responded by pointing to its frequent dealing discount of 10 per cent, for those who pay more than £250 in commission in a calendar month.

The US group also claimed that its trading muscle would save investors money through its ability to get keener prices from market-makers.

Meanwhile, a Manchester-based stockbroker called Gall and Eke has set up an telephone-based execution-only dealing service called Sharemarket.

The commission rate on deals of up to £1,000 is £10, on deals of £1,000 to £1,667 is £15, and on deals of £1,668 to £45,000 is 0.9 per cent, with a maximum of £45. Deals worth over £45,000 will be charged at a rate of £22.50 plus 0.05 per cent, so a £100,000 deal would cost £72.50.

Recession brings out the anxiety in the stock broking room

Investors may find that they can match or beat these rates if they go elsewhere. Some building societies offer cut price dealing services to their depositors who wish to sell small holdings in privatisation issues.

Of course price is not the only way in which these services can compete.

Fidelity's service requires shares to be held in a designated nominee account whereas Sharelink allows investors to hold shares directly.

Sharelink is offering vouchers to Fidelity customers to meet the cost of transferring out of the nominee system. But Mark Collier of Fidelity says it will not charge its customers if they want to sell their shares to take advantage of the Sharelink offer. "I am convinced we will not see a single trade as a result," he added.

Investors may find that the standard of service is as important as cost. Efficiency in dealing with paperwork, opening hours, access to foreign markets – all factors will have varying levels of appeal to different investors.

Many investors will not want to rely on an execution-only service but will need advice or portfolio management skills in handling their stocks.

But it has to be good news for private investors as a whole that brokers are prepared to compete on price.

Telephone-based services make the business of share dealing much less cumbersome and remove the "intimidation factor" involved in approaching a stockbroker.

■ *Those who want further information should call Sharelink on 021-200-2242, Sharemarket on 061-237-9443 or Fidelity on 0800- 414191.*

A forgettable unit trust birthday

WEDNESDAY September 30 is an anniversary the unit trust industry and thousands of investors would probably rather forget.

It will be five years to the day since Royal Life launched the "Royal Event", three unit trusts, described in £6m worth of privatisation-strength advertising as "an investment opportunity more exciting and versatile than any share issue."

Responding at four times the normal rate, 135,000 people put £240m into the three funds. For 60 per cent of them, this was a first unhappy venture into unit trusts. Royal Life invested rapidly, via brokers James Capel, and had £200m already invested by October 19, 1987 when world stock markets crashed.

Five years later, Royal Life has about £100m of the £240m still under management and around 96,000 remaining investors, estimating that market movements had wiped off £50m, with the rest accounted for by investors cashing in, although an unknown number might have switched to other funds within the group.

Individually, the five-year record, up to the beginning of this week, was an 18.5 per cent gain for the International Cautionary Trust, according to Micropal. This was far short of the building society return which earned between 25.5 per cent and 43.65 per cent in the same period.

The International growth trust, which aimed to outperform the FTA World index, showed a 10.5 per cent loss against the FTA World's 5.9 per cent gain.

Meanwhile, the risk-oriented International Speculative trust showed a 24 per cent loss.

"Looking back, it clearly was not a good time for people to invest in equities," said Steve Atkins, associate director of unitised funds at Royal Insurance. "But I am not sure there was really anybody about five years ago who would have said to you they thought equities were likely to be a poor investment. Our expectation then was that people would do quite well."

Atkins noted that the five-years since 1987 were unusual because equities had performed so poorly, particularly in relation to cash-type investments. "The theory is people must get a better return from in investing in equities where prices are volatile or people would always gravitate to cash."

He said: "At a theoretical level that stands over a genuine long period of time, but I am not sure five years is long enough."

However, as Atkins acknowledged, the Royal Event funds also performed badly by comparison with other unit trusts. For example, International Speculative trust was outperformed by around 90 per cent of competitor funds in the year to September 1.

On average, across all Royal's unitised funds, the group was outperformed by about 35 per cent of competitor funds.

"In the early couple of years of these particular trusts, overall performance by most of the funds we were running was not good at all, he said, referring to the total of 11 unit trusts and 45 unitised funds run by the group, totalling £2bn under management.

Royal took action by setting up a separate asset management company early in 1990 and had since seen a steady and considerable improvement in fund performance, he said.

On an offer-to-offer basis, Atkins said, Cautionary Trust had outperformed building society accounts over the last two years. A unit holder who stayed with the trust over that period had done better than by selling in disgust and then depositing the money with a society.

Barbara Ellis

Poor pension performers

***John Authers** considers the life office league tables*

SURVEYS published in *Money Management* magazine this week show that charges on personal pensions and early surrenders of endowments are at worryingly high levels.

They also suggest that the league tables advocated by Sir Carsberg, director general of fair trading (see Serious Money, page II) would make interesting reading.

Several offices are shown to be poor performers. But at least they are open about it, while several companies decided not to disclose their figures. Many of these were poor performers in the past, suggesting that revealing the information might have been bad for business.

On personal pensions, the stock market crash of October 1987 meant that 35 per cent of all unit-linked five-year funds failed to return the gross amount of premiums which had been paid into the fund.

The most disquieting figures concern charges. *Money Management* asked offices to predict their final pay-out on the assumption that their funds *grew at 13 per cent. Note* that this return now looks on the high side, and that differences in projected pay-outs will be determined by charges alone. In reality, strong investment performance can often compensate for high charges.

Lautro, the life assurance regulator, prevents companies from quoting projections on the basis of their own charges, but instead stipulates a fixed level, even if an office's charges are much higher. *Money Management*'s figures suggest that this approach could be misleading.

The table shows how much of the final fund you use to buy a pension annuity when you retire will be eaten up by charges. With no charges at all, the fund would be worth £399,297. If charges are on the Lautro basis, they will knock £63,697 off this. However, *Money Management's* survey shows that the average fund would shed £48,653 in charges, while the worst – Canterbury Life – would lose £169,989, and only pay out £229,308. By comparison the cheapest office, Professional Life, would pay £365,553.

As for early surrenders of endowments – only 11 companies would say how many of their policies started in 1990 had survived into 1992. Their figures are shown in the bottom table. Some of them, particularly *over 25 years for* Colonial Mutual and Sun Alliance, are very poor. Long-term policies surrendered this quickly are a dead loss for both investors and the life companies. But at least these companies admitted the problem.

Personal Pensions - True Cost of Charges over 25 Years

No charges	0	0
Best fund	-£33,744	(-8.5%)
Average fund	-£96,761	(-24.2%)
Worst fund	-£169,989	(-42.6%)
LAUTRO basis	-£63,697	(-16.0%)

Monthly premiums of £200 — Source: Money Management

Policies sold in 1990 still on the books (%)

Term	10 Years	25 Years
Britannia Life	89.0	85.0
Colonial Mutual	80.5	63.7
Friends Provident	80.2	89.5
Norwich Union	88.9	84.8
Royal London	88.1	78.3
Scottish Amicable	93.0	88.0
Scottish Provident	87.0	81.0
Scottish Widows	96.0	96.0
Standard Life	96.5	92.5
Sun Alliance	89.0	71.0
Tunbridge Wells	95.4	92.2
Average	89.4	83.8

What the table shows: the percentage of policies sold in 1990 which are still on the books.
Source: Money Management

Two well-timed cuts

TWO companies, Abtrust and Guinness Flight, this week made well-timed moves to cut charges on their bond unit trusts. Both were planned in advance, but should profit from the interest in bonds and gilts.

Abtrust is launching two new funds, Aberdeen Gilt Growth and Aberdeen Gilt Income, neither of which has any front-end charge at all. This makes "bed and breakfasting" – selling units and re-buying them the following day to establish a fixed gain or loss for capital gains tax purposes – very cost-effective.

This facility allows investors to reduce the biggest problem of holding gilts via a unit trust – that CGT is payable on any gain in the unitholding. The tax is not payable when gilts are held directly.

However, both funds have annual management charges of 1 per cent, which are slightly above average for this sector. Minimum investment is £1,000.

Guinness Flight has altered the charges on the existing three bond funds – which make up its monthly income plan – Premium Fixed Interest, EMU and Global High Income. Annual management charges will be 0.5 per cent for Premium Fixed Interest, and 0.75 per cent for the other two.

Initial charges will also be reduced for large investments, as follows: sums between £1,000 and £9,999 pay 3.5 per cent, with charges of 2.5 per cent from £10,000 to £24,999, 1.5 per cent from £25,000 to £49,999, and 1.0 per cent for investments greater than this.

Guinness Flight's funds all include a mixture of gilts and European bonds. The company is very bullish about the prospects for bonds, saying that the current high rates of interest in force across Europe are likely to come down next year.

Arguments about the outlook for inflation and the gilts market will continue, but at least fund managers have taken substantial action to make the products more attractive than before.

John Authers

HIGHEST RATES FOR YOUR MONEY

	Account	Telephone	Notice/term	Minimum deposit	Rate %	Int. paid
INVESTMENT A/C's and BONDS (Gross)						
Scarborough BS	First Post	0800 590578	Instant	£250	10.00%	Yly
Bristol & West BS	Balmoral A/C	031 225 3557	Instant	£2,000	10.40%	Yly
Britannia BS	Capital Trust	0800 654456	Instant	£2,000	10.40☆	Yly
North of England BS	Edinburgh A/C	091 510 0049	Instant	£10,000	10.50%	Yly
				£25,000	10.75%	Yly
Allied Trust Bank	3 Mth Notice A/C	071 626 0879	3 Month	£2,001	10.91%	Yly
Chelsea BS	Premier A/C IV	0800 272505	31.1.95	£10,000	11.75♣	Yly
TESSAs (Tax Free)						
Allied Trust Bank		071 626 0879	5 Year	£9,000	12.68%	Yly
West Bromwich BS		021 525 7070	5 Year	£150	11.60%	Yly
National Counties BS		0372 742211	5 Year	£3,000	11.50%	Yly
Tipton & Coseley BS		021 557 2551	5 Year	£1	11.50%	Yly
HIGH INTEREST CHEQUE A/Cs (Gross)						
UDT	Capital Plus	0734 580411	Instant	£1,000	8.25%	Qly
Caledonian Bank	HICA	031 556 8235	Instant	£1	8.50%	Yly
Chelsea BS	Classic Postal	0242 521391	Instant	£10,000	9.60%	Yly
				£25,000	10.10%	Yly
OFFSHORE ACCOUNTS (Gross)						
Yorkshire Guernsey BS	Offshore Key Acc	0481 719898	Instant	£500	9.30%	Yly
Yorkshire Guernsey BS	Key Ninety	0481 719898	90 Day	£50,000	10.55%	Yly
Yorkshire Guernsey BS	Key Extra	0481 719898	180 Day	£25,000	10.60%	Yly
Yorkshire Guernsey BS	Key Term Share	0481 719898	31.8.93	£10,000	10.50%	OM
				£50,000	11.25%	OM
NAT SAVINGS A/Cs & BONDS (Gross)						
(7.25% wef 6.10.92)	Investment A/C		1 Month	£5	8.25%	Yly
(8.00% wef 5.11.92)	Income Bonds		3 Month	£2,000	9.00%	Mly
NAT SAVINGS CERTIFICATES (Tax Free)						
	5th Index Linked		5 Year	£25	4.50% + Infln	OM

Guaranteed Income bonds omitted this week because of market conditions (see page III). This table covers major banks and Building Societies only. All rates (except Guaranteed Income Bonds) are shown Gross. Fixed = Fixed Rate (All other rates are variable) OM = Interest paid on maturity. N = Net Rate. B = Bond. ♣ = Rate fixed until 1.2.93.
☆ = Rate Guaranteed not to fall before 1.1.93. Source: MONEYFACTS. The Monthly Guide to Investment and Mortgage Rates, Walsham House, Stalham, Norwich. Readers can obtain a complimentary copy by phoning 0692 582808.

FINANCE AND THE FAMILY

Diary of a Private Investor/**Kevin Goldstein-Jackson**

Ethics on the bottom line

WHAT is ethical? The difference between right and wrong. But what constitutes being wrong?

Despite the ending of apartheid, some people still refuse to invest in companies with South African interests. But would it not be better to invest in South African companies which display an enlightened attitude towards black employees so that other companies may learn from their example?

Do those people who still boycott South Africa also refuse to invest in other societies which have experienced racial conflicts?

Should investment be made only in countries that are democratic? In that case, investment in Hong Kong should be avoided – although if Hong Kong had been run along democratic lines, perhaps it might not have prospered so quickly and dramatically and I would not have profited from my investments there.

Indeed, a case could be made for investing (or not investing) in almost every country: there is probably something objectionable in all of them. As a private investor, I have no moral qualms about investing anywhere in the world – so long as the companies in which I invest are run on ethical lines and there are opportunities to make a profit.

For some years, I refused to invest in companies which produced cigarettes, partly because I dislike people puffing smoke in my face and partly because I felt that, eventually, much tougher legislation or changes in social habits would cause a decline in such companies' profits (although, as yet, it has not happened).

When I mentioned this to a friend she commented that, to be logical and consistent, I should also refrain from investing in supermarket groups that sold cigarettes and transport companies that helped to distribute them. And why, she asked, did I not also refrain from investing in companies dealing with alcoholic drinks? Perhaps I should reassess my investment criteria.

I have avoided putting money into various "ethical" unit trusts because some of their restrictions are not to my taste. A number of them refuse to invest in companies involved in the gambling industry. Yet, surely the stock market itself is a gamble.

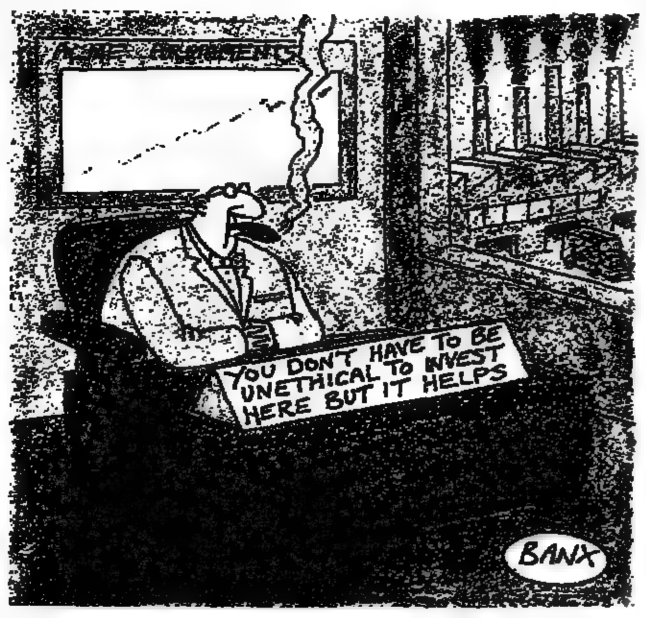
Should they also avoid investing in companies where the chairman or chief executive has a mistress on the basis that, if he lies to his wife, he might lie about the true state of the company?

Personally, I ignore people's sexual peccadillos when making investment decisions. I am much more interested in their overall basic honesty. I can accept that bribes are necessary in some countries in order to do business and ought really to be regarded as "advance commissions." But if a UK company made such payments to someone for business in Britain, I would not invest in that company.

People who are liars and cheats are usually poor at creating or running long-lasting businesses. That is why I avoided investing in companies run by Robert Maxwell.

I keep a list of names of other people whose companies I avoid and have made sure that the executors of my will cannot invest with them. The laws of libel prevent me from disclosing this list.

Companies that are slow to pay their bills are hardly encouraging their suppliers to provide the best quality and service. With such an attitude, might they not be equally "tough" towards their customers?



All this seems to me to be morally reprehensible and bad for long-term business, so I try to avoid making investments in such companies.

I also dislike companies that have a discriminatory recruiting policy. People should be employed for their ability, not because of their age, sex, race, religion or who they know.

Is a company that advertises for a financial analysis manager paying up to £50,000 plus benefits, but restricting applicants to those "aged 28 to 33" (as did the Prudential in a recent advertisement), really doing its best to find the most capable person? Too many UK companies are stipulating ridiculous age ranges for job applicants. In the US, the American Age Discrimination Act allows people to sue for compensation for age discrimination.

What is even worse is that Lautro (the Life Assurance and Unit Trust Regulatory Organisation) advertised recently for assistant enforcement officers, while the Securities and Investments Board wanted a senior policy assistant. Each regulatory board specified an age range of "25 to 35."

How can you have any confidence in the integrity and ethics of such organisations if they are prepared to practise such blatant discrimination? And will they really find the best candidates? Surely people with years of experience of City crooks might have something to offer.

Dixons, the stores group, has agreed to fund a £1m chair in business ethics at the London Business School. I hope this will lead to further investigation of the morality of discrimination and its effects on company performance. Meanwhile, I will continue to refrain from investing in companies with discriminatory policies.

Taxes on a gift house

MY PARENTS and I jointly own, in equal shares, two properties neither of which we live in. If we each make a gift of our respective halves to each other, thus having a house each, solely owned, will we be liable for any capital gains tax there may be on the value of the half-interest transferred? Would the tax on such gains have to be paid as soon as possible after the gifts had been made?

■ You will be taxed as though you had disposed of your respective interests at their current market value.

Since you will be exchanging interest of (presumably) more or less equal value, there will be no element of gift in fact. That being so, the CGT will be payable on December after the end of the tax year in which the exchange takes place. So the middle of next April might be suitable time to do the swap.

The timing depends upon your other chargeable gains for 1992-93 and 1993-94 and the size of the potential chargeable gain arising from the exchange.

The solicitor who prepares the conveyance for you will be able to help you with the tax implications.

Flat-rate taxes

THE OWNERS of the freehold of my home also own a vast number of other residential properties.

To the best of my knowledge these properties are all leased on full repairing leases.

As all the tenants pay for maintenance and a lot of these properties were built in the 1830s and require considerable maintenance, should the landlords be entitled to claim tax relief against depreciation or, what seems to be more equitable, should not the tenants be able to make such a claim?

Can landlords claim tax relief for insurance of properties in their portfolios - when the tenants pay for insurance, albeit in the name of the landlord?

■ Under section 25 of the Income and Corporation Taxes Act 1988, a landlord can obtain tax relief for payments in respect of maintenance, insurance etc which he has made personally. He gets no tax relief for depreciation of the property.

The tenants cannot obtain tax relief (unless they receive rent from subtenants).

Dividends and profits

IS IT possible for a small private limited company such as ours to pay out dividends in excess of trading profit, in any one accounting year, thus making use of the retained profit of previous years? If so, then at the end of the year will the company be able to get back from the Inland Revenue the difference between the ACT (which presumably has to be paid in any case at the end of the relevant quarterly period) and the corporation tax due on the year's profit? Or is the adjustment of this excess payment allowed only against future tax liabilities?

If the dividend route is not permissible for distributing the retained profit, can you please suggest other tax efficient ways of achieving this?

Yes, you can pay dividends in excess of profits.

It is possible, in principle, to carry the excess ACT back and thus recover part of the corporation tax paid for past years. The rules are complex.

The company's accountants are best placed to advise you on what strategies to adopt, because they know the full background facts, figures and dates. If the fact that you have written to us indicates that you have no confidence in the company's accountants' competence in tax matters, perhaps the Board should consider changing to a better firm.

Possibly your bank manager can recommend a suitable one, if you do not wish to seek recommendations from business acquaintances, for example.

BES losses

I BOUGHT £5,000 worth of shares in a BES company on March 5 1986 (ie. under the old regulations). I received income tax relief on the whole of my investment at the top rate of income tax which applied at that time.

The company was wound up on April 7 1992: no dividends were ever paid and the disposal proceeds were nil.

Am I entitled to any capital loss relief on the original investment or on the net cost after tax relief? Is any indexation due?

■ On the facts outlined, the answer is no. Section 150(3) of the Taxation of Chargeable Gains Act 1992 says:

"The sums allowable as deductions from the consideration in the computation for the purposes of capital gains tax of the gain or loss accruing to an individual on the disposal of shares issued before March 19 1986 in respect of which relief has been given and not withdrawn shall be determined without regard to that relief, except that where those sums exceed the consideration they shall be reduced by an amount equal to

a) the amount of that relief; or

b) the excess

whichever is the less, but the foregoing provisions of this subsection shall not apply to a disposal falling within section 58(1)." So, as you will see, the cost of your shareholding for CGT purposes is £5,000 – £5,000 = NIL on which indexation can be claimed."

Q&A BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Free of CGT

I BOUGHT a flat in London in 1985 while working for a US bank in the UK. My employer provided rented accommodation and I bought the flat in case this perk fell away. It has since been let out for most of the time and I have never lived in it.

In 1989, I got a job with a French bank and moved to Paris. Since I no longer need a base in London I want to sell the flat and buy something in France. Will I have to pay capital gains tax on any eventual profit?

■ If you are neither resident nor ordinarily resident in the UK at any time in the tax year (ending on April 5) in which the sale contract is made, you will be outside the scope of capital gains tax. The solicitor who acts for you in the sale will, of course, be able to guide you through the tax maze.

You may like to ask your last UK tax office (or the Inland revenue Public Enquiry Room, Somerset House, Strand, London, UK WC2R 1LB) for copies of the free pamphlets CGT14 (Capital gains tax - an introduction) and IR58 (Going to work abroad).

Capital gains tax allowances

THE TABLE shows capital gains tax allowances for assets sold in August. To use it, multiply the original cost of the asset for the figure shown for the month in which you bought it.

If you subtract the result from the proceeds of your sale, the result will be your taxable gain or loss.

Suppose that you bought some shares for £6,000 in March 1984 and sold them in August 1992 for £15,000. Multiplying the original cost by the March 1984 figure of 1.588 gives a total of £9,528.

Subtracting that from the proceeds of £15,000 gives a capital gain of £5,472, which is below the 1992-93 capital gains tax allowance of £5,800. If you realised no other gains during the year, the profits should be tax-free.

If you are selling shares bought before April 6 1982, you should use the March 1982 figure.

CGT INDEXATION ALLOWANCES: AUGUST

Month	1982	1983	1984	1985	1986	1987
January	-	1.681	1.599	1.523	1.443	1.389
February	-	1.674	1.593	1.511	1.438	1.383
March	1.748	1.671	1.588	1.497	1.436	1.381
April	1.714	1.648	1.567	1.466	1.422	1.364
May	1.702	1.641	1.561	1.459	1.420	1.363
June	1.697	1.637	1.557	1.456	1.420	1.363
July	1.696	1.628	1.559	1.459	1.424	1.364
August	1.696	1.621	1.544	1.455	1.420	1.360
September	1.697	1.614	1.541	1.456	1.413	1.356
October	1.689	1.608	1.532	1.453	1.411	1.350
November	1.680	1.603	1.527	1.448	1.399	1.343
December	1.683	1.598	1.528	1.449	1.394	1.345

Month	1988	1989	1990	1991	1992
January	1.345	1.251	1.162	1.067	1.024
February	1.339	1.242	1.156	1.061	1.019
March	1.334	1.237	1.144	1.057	1.016
April	1.313	1.215	1.110	1.044	1.001
May	1.300	1.208	1.101	1.040	1.000
June	1.303	1.204	1.098	1.036	1.000
July	1.302	1.203	1.095	1.038	1.001
August	1.287	1.199	1.084	1.036	-
September	1.281	1.191	1.074	1.032	-
October	1.268	1.182	1.066	1.028	-
November	1.263	1.172	1.068	1.024	-
December	1.259	1.169	1.069	1.024	-

Source: Inland Revenue

Carving profits from the ancient limestone

***Clive Fewins** visits an ancient quarry which is suddenly chic*

A DEEPLY rutted lane with grass in the middle so high that it scrapes the bottom of your vehicle. Skylarks flutter overhead and the odd hare scampers away from the motor car.

There is one other noise, however, that can just be heard in the quiet of the Gloucestershire countryside when the car's engine is switched off. It is the sound of stone being sawn. Round the next corner and you will be confronted by Farmington quarry, worked on the same site – perhaps continuously – since the Romans built sections of the nearby Fosse way from its Cotswold limestone.

There is stone everywhere – mountains of it, honey coloured and coarse grained, from huge two ton blocks waiting to be sawn into slabs, to walling stone being laboriously hand prepared by masons.

The pristine stone looks as if it was laid down yesterday, not 200m years ago. Most of it comes from just below the surface, with reserves so vast that no member of the Barrow family that has owned and worked it since 1902, has bothered to estimate their extent.

They have not needed to. Until five years ago the quarry was a quiet sideline to the Barrow's 1,000 acre farm, keeping half a dozen men employed, serving as home to around 50 cats, and managed by a long-serving character called Sam.

"Sam was a very efficient manager. He ran the quarry expertly for 35 years, trading with the people he chose to and making a 20-25 per cent profit," said Captain John Barrow, the present head of the enterprise.

However things are very different now for the soldier-turned farmer-turned quarryman.

Sam's retirement coincided with a sticky time for the Barrow family's farming fortunes. Growing corn was rapidly proving unprofitable and John Barrow decided to reduce gradually the workforce on the farm from 20 to two, increase his flock of sheep and take a set aside payment on 500 acres from the European Community, under the Common Agricultural Policy which pays farmers to not use land.

His really big decision, however, was to expand the quarry side of the business by joining forces with a masonry company in Bristol which would provide a ready buyer for the expanded output of stone he planned to extract from the quarry.

At the same time he ploughed much of the family's accumulated wealth into new quarry buildings and cutting equipment which cost a total of nearly £500,000.

Life thereafter became somewhat troubled when, after only 18 months, the arrangement fell apart following personal differences and Barrow found himself without a partner, with the new building and most of the new equipment onstream, and no obvious large outlet to sell to.

He decided to buy out the Bristol company. Fortunately, as head of a wealthy family, he possessed the £500,000 to do it. He hired an accountant, Martin Robins, to help him run the company, moved the entire operation to Farmington and took on a number of apprentices under the guiding hand of master mason Peter Lee, who has been with the company 39 years.

"It was the biggest decision I have yet had to face. But we were more than halfway through the expansion programme, the recession had not yet bit us, and there was a big comfort factor in the form of a £750,000 contract [on a large Bristol development] that was very profitable," Barrow said.

The only way to go therefore was forward, and Barrow braced himself for the looming recession.

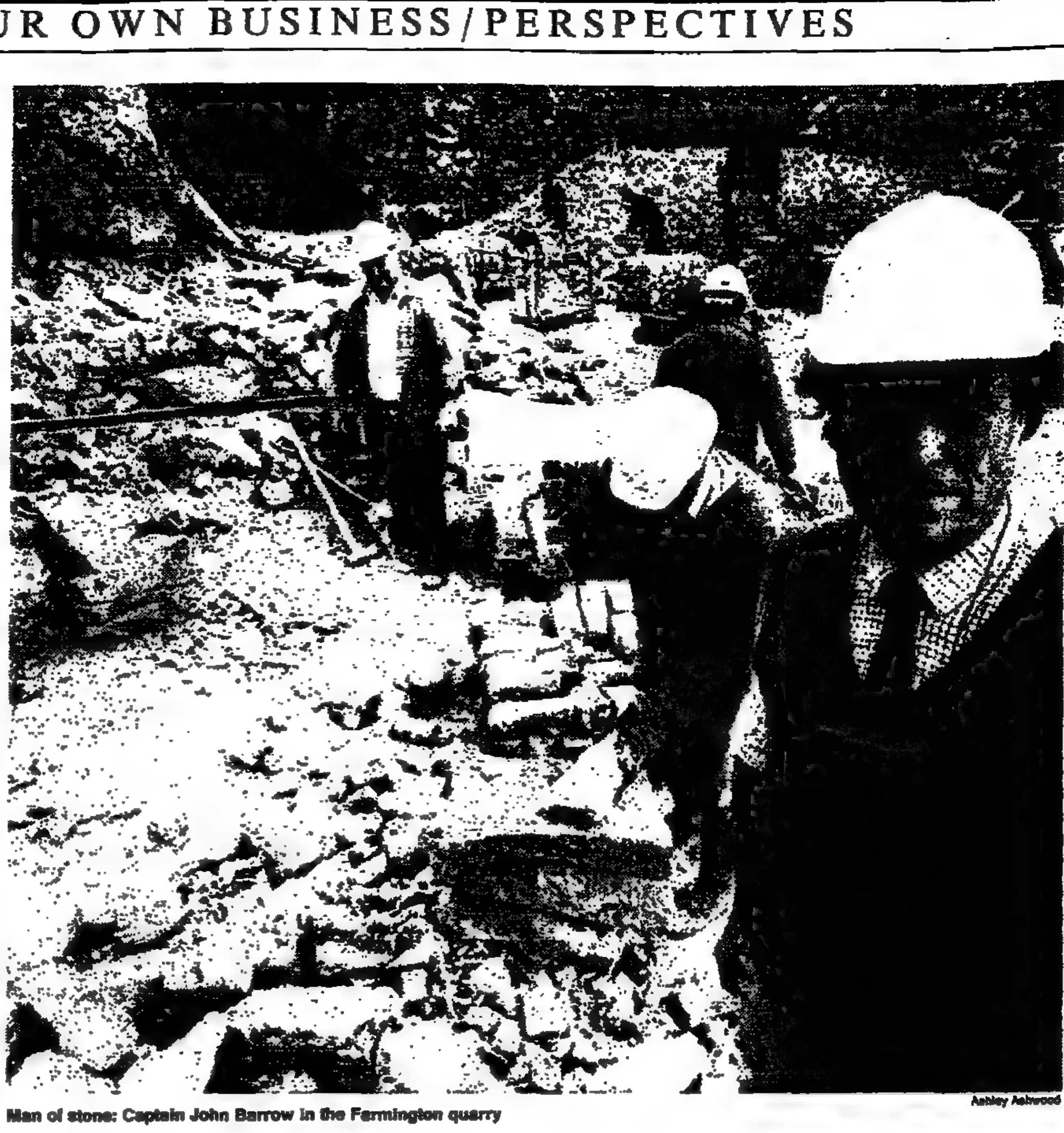
If necessary, family wealth – the Barrows own most of Farmington village as well as the estate – would doubtless have cushioned any blow. But changing fashions worked unexpectedly in their favour.

"By 1989 we were living in greener days and already there was a demand from many architects – particularly those working for some of the large retailing and supermarket groups – for a return to real stone in many of the buildings in new shopping developments," Barrow said.

"In a number of cases we were actually able to persuade architects to specify real stone rather than the reconstituted material that had been in vogue for so many years," said Barrow. Barrow and Robins, the accountant, set up a contracting company, Ferris Stone and Barrow also started a design and drawing section in temporary buildings at the quarry.

From the base of the five large portable buildings the staff of 35 now runs two companies with a combined turnover of well over £2m.

Ferris Stone, with a turnover of £1.5m to £2.5m soon overtook Farmington Stone, with its £750,00 turn over – hardly surprising as it is a contracting and stone fixing company that, using largely subcontracted labour, carries out site work all over the country.



Man of stone: Captain John Barrow in the Farmington quarry

Ashley Ashwood

In spite of the recession, which is especially bad in the building industry, business has held up well. Remarkably, Barrow and his staff have been able to produce artefacts such as architraves, fireplaces and garden ornaments in stone at the same price, and in some cases cheaper, than their imitators in artificial reconstituted (moulded) stone.

There have been two reasons for this. The first is the high cost of making moulds for the artificial material, particularly for one-offs and small runs, and the other is the company's current policy of going for maximum volume and low profit margins.

"This policy makes us very competitive with artificial stone producers but at the wrong margins," Barrow said.

"However we shall be in a strong position when the recession comes to and end. We have three apprentices nearing the end of their training, ample capacity – our plant is about half used at present – to cope with the upturn, and of course, virtually infinite resources in terms of our wonderful raw material – golden Cotswold limestone."

■ *Farmington Stone, Northleach, Cheltenham, Glos. GL54 3NZ. Telephone: 0451-860280.*

Computing

The bargain masquerading as a cut-down

***David Carter** looks at the latest spreadsheet program offers*

WITH 18m users in 65 countries, Lotus 1-2-3 is the best-known spreadsheet in the world. It comes in two versions. 1-2-3 release 3.1 is a multi-page version for specialised applications; the basic version, which will satisfy most of us, is 1-2-3 release 2.3.

Release 3.1 is priced at £475; release 2.3 at £395. In June, Lotus announced 1-2-3 GO, priced at £149 and available through Dixon, Ryman and Wilding as well as specialist dealers.

Lotus modestly describe 1-2-3 GO as an "easy to learn introduction to 1-2-3" designed for "home and small business users". But this is marketing flim-flam to persuade corporate users to keep buying the full-price versions. If (if!) you are content to accept inferior packaging and the demeaning "cut-down" tag, in return for paying a half or a third of the price you receive the full-strength package minus a few bells and whistles.

So it proved with 1-2-3 GO. In fact, after going through the menus in detail I found it indistinguishable from 1-2-3 release 2.3, which I use myself. The only regrettable omission seems to be that of the "Viewer" facility. This is based on Lotus' wonderful "Magellan" file manager, and allows you to find your way around a disk full of files with ease.

For documentation Lotus has rebadged a self-teach book called *The 10 Minute Guide to Lotus 1-2-3*. Unlike the standard reference manual it is clear and readable, but at 138 pages is a mere introduction to a massive and highly sophisticated package. Be prepared to go out and buy yourself a more detailed guide from Sybex or Que. Alternatively, a reader has strongly recommended to me *Spreadsheets for Business Readers* by C West of the Bristol Business School.

Installation was mostly a matter of pressing the Enter key to accept the suggestions ("defaults") offered by Lotus. However, part of the procedure is very confusing. 1-2-3 GO only appears to work with Diablo, IBM and "unlisted" text printers. After talking to Lotus support staff I chose "unlisted" and also the "Extended" font set for my dot matrix printer. Everything worked OK, but Lotus needs to clarify this.

In accordance with current GUI fashion, 1-2-3 GO automatically starts itself in graphical "WYSIWYG" (What You See Is What You Get) mode.

I wonder how many people use Windows software without realising that they do not have to put up with the slow response time and the faint and scrawny characters you often get under WYSIWYG. I run 1-2-3 on a portable and the display under WYSIWYG is so poor that I have removed it and do all my work in character mode, which is clear and chunky. Instructions on how to turn off WYSIWYG are on page 85 of the manual.

1-2-3 GO is a top-of-the range product which, amazingly, turns in a respectable performance even on a basic XT machine like the Amstrad 1640. But competition in cheap spreadsheets is strong, with Quattro Pro SE selling at £69 and Supercalc at £79.

Why pay the extra for 1-2-3 GO? One very good reason is Budget Express, a 1-2-3 "add-in" package from Symantec. Budget Express brings to 1-2-3 an "outlining" facility; that is, it enables you to present data in summary totals at the top level, then to explode these totals down in increasing levels of detail. This facility (also called "drill-down") is essential in any financial reporting system.

Suppose, for example, you are budgeting next year's profit and loss account for your 15-person company. Best practice is to budget wages separately for each employee, necessitating 15 lines in your budget, plus a "Total Wages" line.

But this level of detail makes for a very long spreadsheet. Even for a company turning over only £1m or so, the budget profit and loss account can easily grow into three or four pages.

Your bank manager or investors are not interested in this level of detail – they just wants the total wages figure in a one-page summary "profit and loss". With outlining you can instantly "collapse" a lengthy detailed budget into a one-page summary, and back again.

Once you have used Budget Express you wonder how on earth you managed without it. Not only that, but the manual is intelligently written by someone with wide experience both in using 1-2-3 and in budgetting. If only all software manuals were like this! This then is the reason for choosing 1-2-3 GO – that it lets you get your hands on Budget Express.

■ *1-2-3 GO is available at £149 plus VAT. Budget Express is available at £99 plus VAT from 4-5-6 World, telephone: 0206-44456.*

As They Say in Europe

'It is not a war yet'

"AT THE outset, small calculations, children of the short term, of circumstances and of the vanity of a head of state; at the end, an historic event which transcends France but with a result sufficiently narrow that nobody, from one side or the other, can evaluate it."

Serge July's summing up in *Libération* (he was writing about the outcome of a referendum in France last weekend, by the way) showed the crisp, modern side of French journalism. A more traditional approach appeared in *Les Echos*: "*Voilà*, France has spoken. Everyone illuminates with their own commentary this morning the historic choice they have just made . . . This choice having been expressed, France finds itself more than ever facing herself."

That piece was signed with the pen name *Favilla*. Favilla's piece last Monday was, as usual, faintly at odds with the resolute "Oui" policy of *Les Echos*.

In the paper of the Communist Party, *L'Humanité*, there was no room for divergent opinions: "Those who constitute the living forces of the country – the world of work – in the majority said No. The proof is in the result of the cities and regions where communist influence is strong: the opposition to Maastricht achieved impressive results." The trouble is that those regions also are those where the right-wing National Front has influence.

France-Soir, surprisingly, took an international approach. "Europe, François Mitterrand and the cream of the political class just about got away with it . . . But the battle is not yet won because Maastricht has now to cross the channel, chased by the waves of the pound sterling . . ." That was before the pound bumped into the franc going the same way.

The British provided a lot of material, both in connection with the treaty and other matters which seem to have generated another round of that genial contempt their neighbours often reserve for them.

The London correspondent of *La Tribune* wrote that the French referendum result would not make things easy for John Major. "On the positive side, it can be said that the concern dear to the prime minister's heart – to put the United Kingdom 'at the heart of Europe', even though he signed a treaty specially amended for Great Britain – has not led to an impasse. On the negative side, the cabinet has no choice now but to pursue ratification of the treaty in the House of Commons."

We might very well have seen the end of "John and Helmut" as a result of recent events. Everybody noted how the Germans and the British had fallen out over the manner in which, with one bound, the pound leapt free from the fetters of the ERM. It then achieved the triumphant collapse advocated by Lady Thatcher and her friends. Things got so bad at the IMF-World Bank meetings in Washington that a Bundesbank official was heard to say: "*Es ist doch kein Krieg*" ("It's not a war yet").

In the *Frankfurter Allgemeine Zeitung*, Jochen Rudolph wrote at length under the headline, "The pound on the defensive." He discussed the long opposition to Britain's presence in the ERM and predicted it would not be back again for many a long day. "Once," said Rudolph, "it was the 'ugly gnomes of Zurich' who were publicly blamed for the weakness of the pound . . . Then the Germans became the main culprits for the misery of sterling. And, ultimately, they were blamed for not having taken over the role of 'locomotive' in the world economy."

■ ■ ■

WHEN THE French finance minister, Michel Sapin, gave a briefing to French reporters in Washington as soon as the referendum result became known, he was asked by Paul Fabra of *Le Monde* why so many had voted No. "Oh well, you know, many people are unhappy about social problems, unemployment. Others are concerned about agriculture."

Fabra, possibly the most respected journalist in France, replied: "I am perfectly happy, I have no social problems, I have a job, I don't care about agriculture and I voted No."

■ *James Morgan is diplomatic correspondent of the BBC World Service*

Computers that can do it by the book

Electronic wizardry is helping literary research, says ***Anthony Curtis***

THE SUCCESS of Cambridge mathematician Alan Turing as a code-breaker is one of the legends of the second world war. Around 1944, when the German naval codes had all been cracked decisively by the government code and cypher school at Bletchley, Buckinghamshire, Turing had (in the words of his biographer, Andrew Hodges) "learned how to build a brain – not an *electric* brain, as he might possibly have imagined before the war, but an *electronic* brain."

If Turing were alive today – the harsh English law against homosexual men led to his untimely death in 1954 – he would surely take a well-deserved pride in the universal labour-saving which the electronic brain he and other pioneers conceived plays in all our lives. He might have foreseen that it would revolutionise business and industrial practices, and that it would take over much of the groundwork in applied mathematics, the engineering sciences, physics and astronomy; but could he have imagined the inroads it has now begun to make into the area known traditionally as the humanities?

Some of the most hitherto insoluble problems of authorship have begun to yield to scrutiny by Turing's electronic brain. The identity of the acidulous Whig activist who contributed letters to the public prints, attacking George III and other 18th century worthies under the pseudonym "Junius," was one of the earliest pieces of successful, computer-based research analysing an author's style. Swedish scholar Alvar Ellgard published his conclusions in *A Statistical Method for Determining Authorship* (1962), where he established the overwhelming probability that the scurrilous letters were written by Sir Philip Francis, Gibbon's schoolmaster and later a civil servant.

Work of this kind where each word and punctuation mark in a text is computed into lists, charts and graphs designed to show the number of times it is used in a given type of sentence-formation – plotted against a putative norm – once required the resource of a mainframe computer, the kind of machine available only to a scholar working in some handsomely endowed university research centre. Now, though, the equipment to undertake such a project is coming within the reach of anyone with a reasonably efficient modern home computer.

Many of the Oxford dictionaries are now on computer disc and available commercially to the ordinary "user"; so are several of the standard texts of the Oxford English School. The Oxford University Press has in train an extensive programme of electronic publishing, as I discovered on a visit to its headquarters at Walton Street, Oxford.

"Look here upon this picture, and on this…" as Hamlet says. In this instance, Picture One depicts 20 heavy, large, dark-blue volumes occupying 4.5 ft of shelf space and costing around £1,500 for the set (according to the bargain you strike with your supplier). Picture Two shows what author Anthony Burgess calls a "silver beer mat"; in other words, a compact disc. This particular one costs £495.00. Both accommodate exactly the same amount of information – the entire contents of the *Oxford English Dictionary* 2nd edition (1989). In the first instance, all you need is a strong pair of arms and reasonably good eyesight; in the second, a personal computer (PC) fitted with a CD-ROM drive.

This is a gadget that extends a computer's memory vastly, necessary when the machine has to take on board the *OED's* 500,000 head words, their definitions, pronunciation, etymology, and the 24m quotations that illustrate their use in texts since the beginning of English. Many libraries and institutions have such a drive but most private PC owners do not (although it is becoming less expensive and is likely to become a standard option for them fairly soon). To run the *OED* electronically, you also need to have the Microsoft system known as Windows (version 3 or above); a Macintosh version of the *OED* 2nd edition will be available next spring.

'Classical and literary scholarship is getting a new lease of life'

In this form, the *OED* has become a lexical database. Its users are able to look up English words in a variety of different ways, not just alphabetically as before. The entire dictionary may be scanned in less than a minute to give the answer to abstruse searches. Colonel Pickering in *Pygmalion* was an authority on spoken Sanskrit and was working with Professor Higgins on Indian dialect words in English. He would have been overjoyed at being able to "wild card" – that is, put an asterisk against typical end-formations in English of the kind of words in which he was interested and, within 40 seconds, to have on screen a complete list of all such words in the dictionary. At a more frivolous level, crossword addicts may use the wild card command to find words of which they know only certain letters.

There is an obvious benefit in having the OED available in this electronic form for its editors and compilers; it releases them from an incalculable amount of donkey work. Looking to the future, the editors now have the task of preparing the 3rd edition of the OED, scheduled for publication in 2005. Will there need to be a printed version of the 3rd edition at all or will by then everyone be using it electronically?

That is a question to which the OUP does not yet know the answer. What is becoming clear is that the old system of issuing supplements between editions in order to keep up to date with new words and fresh shades of meaning can now be abandoned because these neologisms can, as soon as they are identified, be added to the database.

It is not only lexicography that it is being given a new lease of life by the computer but classical and literary scholarship as well. Computers have been aiding scholars in deciphering early languages like Ancient Egyptian for many years, but now they are moving in force into the study of literature.

The Americans have a project to put the whole of English poetry, from Langland to Larkin, on to computer disc, and some classical texts studied in the Oxford Greats School are available as software. The Bodleian Library in Oxford has a terminal in the reading room and classics dons at work on Virgil or Horace can be seen operating it.

The OUP has just launched its Oxford Electronic Texts Library for English literature. This consists of *The Complete Works of Jane Austen* (£60), *The Riverside Chaucer* (£75), *The Poetical Works of Samuel Coleridge* (£60), and *The Poetical Works of William Wordsworth* (£60). These are all out now, and coming next Spring will be electronic versions of Hardy, Milton, Mary Shelley and Mary Wollstonecraft.

The controversial modern spelling edition of *William Shakespeare: The Complete Works*, edited by Wells and Taylor and published in 1986, is now available to PC users at £95.

None of these electronic texts has the search functions that are built into the electronic *OED*. They offer the standard Oxford texts on diskettes of regular size in which each line, as well as each page of the text, is enumerated. Used in combination with a text-analysis software package such as *Micro-OCP* (Oxford £175.00), however, you can very easily get your computer to make searches, word lists, concordances and indexes from them.

What use, though, is it for the person who does not happen to be studying for a BA in English or a B.Litt to have such a resource? Clearly, no use at all. If you just want to sit by the swimming pool and read *Northanger Abbey* for fun, you would be much better off with the Worlds Classics paperback. But it is important, even to such a reader, to have a text as close as possible to the one approved by the author. Computers can play an important role in establishing an authentic text and, in some cases, establishing authorship as well.

A new computer-based literary discipline called Stylology has begun to emerge in which texts are submitted to computational tests not merely as part of textual scholarship but also in the hope of arriving at new critical insights. An outstanding example of this is the book *Computation into Criticism: A Study of Jane Austen's Novels and An Experiment in Method* by J.F.Burrows (Oxford, £25.00). The author, an Australian professor of English, checked the speech habits of all the main characters in Jane Austen through an extended series of computer tests and collated them, using methods borrowed from statistics, to determine variations from normal or average usage.

Burrows' findings inevitably are the source of much debate in English faculties. They have been welcomed warmly in an appreciative review by at least one prominent member of the Oxbridge establishment: Marilyn Butler, the Cambridge professor of English Literature. His charts and graphs of pronoun usage by Elizabeth Bennett, Mr D'Arcy and the rest prove beyond any doubt (if they prove nothing else) that, in a novel, the distinction made up to now between the "grammatical" words said to be inert, and the "lexical" words said to be the source of energy, no longer holds. Burrows shows in innumerable ways how grammatical words are as great a source of fictional energy as the lexical ones in character building, narrative development etc.

Move over, Dr Leavis, you have had your byte at the cherry. Now let the computer have its turn.

Eyes of the Stasi

■ From Page I

By the late 1970s my surveillance by the Stasi attained new heights of intensity and absurdity.

Leipzig, 6 September, 1978 – 2.24pm – *After getting off the tram he walked purposefully to Fair building 17.*

3:16pm – *"Caesar" left the above-named exhibitor and walked to the snack stand next to the Fiat exhibit. He bought roast chicken and stowed it in his bag.*

3:36pm – *"Caesar" left Fair stand 4 and went to the toilet for about five minutes.*

It was at that time that I first met Beate. She told me she had attended one of the GDR's only schools for classical Greek and Latin. She was employed as a German-Russian translator; her flat had belonged to her father. She was divorced and had a small son. We swopped experiences about Russia and Eastern Europe and parted as friends but no more.

I returned to stay with her two years later, in 1981, after assignments in Poland reporting on the rise of Solidarity. I told her about the exhilaration of being in the midst of a revolution which I was convinced would sweep to victory in Poland and lead to the demise of Communism in Eastern Europe. By this time she had probably applied to leave East Germany and was told by the Stasi that she stood a chance only if she became an informer. She reported on my every move. Intentionally or not, she managed to relay to the Stasi the message that Solidarity was going to prevail:

"**18 March, 1981** – *"Caesar" has close contacts with the Solidarnosc trade union movement in Poland and had several interviews with Walesa. He also has extensive ties to the intelligentsia and to the unions in key factories whose names were not revealed. "Caesar" is convinced that Solidarnosc will prevail. Large numbers of Communists (Party members) have deserted to the union. According to him Poland is virtually a free country.*

She also reported that she was with "Caesar" in the Falstaff restaurant until 11:30pm – but of the events later that night, there was nothing.

We met again by chance last year with her parents in Leipzig during a demonstration against east Germany's economic collapse. Beate told me she had married and joined her husband in Belgium, where she was working as a translator. Did she get out with the help of the Stasi before the Wall was opened in November 1989, I wondered.

"It's awful what is taking place here," *she remarked.* "This is not what we demonstrated for in 1989," her father said, sadly. I looked at Beate, but she lowered her gaze.

My Stasi file was closed and sealed on October 9 1985 for lack of evidence.

Artful additions to autumn

Robin Lane Fox *explains how to prolong the life of a fading season*

AUTUMN began officially this week although that will not surprise gardeners who have been living with it for almost a month. Asters have opened early; at least one day in each weekend has given a fine imitation of mid-November; and, everywhere, there are trees with berries or bunches of over-ripe fruit. Blackberries have peaked already in the hedgerows: gardeners are left with postscripts which are only as good as they have planned to make them.

Years ago, I took a decision to be artful in autumn. Sooner or later, the weather clears. Days are perfect, and I certainly do not wish to spend them among a sweep of dead flowers, pussy-cat colouring and the first signs of yellow on ageing leaves. Instead, I want new life, colours which are not rusty, not too many chrysanthemums, and a rest from orange daisies.

Gardeners tend to give up. We all enthuse about early flowers, plant winter gardens and romanticise Lenten roses – but nobody plants beds for October or thinks about schemes for the season's last six weeks. This year, I have had some sudden successes which have turned received wisdom upside down although their spelling is awkward and they belong at the end of alphabetical catalogues.

Down in the Z section, I remember an early flop which involved zephyranthes. This late-flowering beauty is known as the West Wind flower but it went west from my keeping after only one season. Ever since, I have avoided late plants too late in the list, assuming that they are tiresome. In fact, some of them are much easier than people admit.

Most catalogues still list a bright red flowering carpet of a plant as zauschneria, although botanists have renamed it. Its popular name is supposed to be Californian Bonfire, but nobody uses it and not many people grow it. It is supposed to flower only in hot summers, late in the season, but this belief is quite untrue: my plants have been magnificent since August and nobody could call 1992 a bonfire of a season.

Zauschnerias make low carpets of green leaves which are covered with tubular flowers in a brilliant shade of scarlet which clashes with almost nothing. They certainly prefer a dry, limey soil, the sort of garden which is better at growing pinks than hostas. They are slug-proof, an important virtue in a late-flowering plant, and remain fresh and clean in any sunny position, however small the garden.

The names are still chaotic, but the best variety for gardeners was discovered in Ireland – hardly the hottest of climates. Nurserymen tend to call it Glasnevin after the great botanic garden, although botanists have now named the entire plant epilobium Dublin. So far as I can establish, these plants are easy, hardy, and excellent value on well-drained soil. But watch out for a grey-leaved form which seems to flower less freely than the conventional green, which is now the main form in the trade.

Whereas the Bonfire is supposed to like drought and a hot summer, Kafir lilies are supposed to prefer an impossible combination: damp soil and a sunny aspect. As a result, I have been very wary of them, but this year is showing up the approved wisdom. Once again, their name – schizostylis – is not to be dropped lightly but the plants are far prettier than their photographs in dictionaries suggest and they are one of my small triumphs in this obliging season.

The best Kafir lilies tend to turn up in the West Country, growing under houses in areas of lush green grass and high rainfall. Not for me, I decided years ago (like Cornwall, which is out of reach of intellectual libraries).

As usual, the publication of *The Plant Finder* changed everything. On late summer evenings, the entries can be ransacked and whole families identified. Sixteen types of schizostylis are on sale in Britain, from whites through pinks to one named after a professor. Why not grow the lot?

You cannot, the experts tell us, if you live in a dry, sunny garden. One kind nurseryman offered to prove the point by sending me a selection of potential victims, fit only for wet conditions. So far, I have proved him wrong.

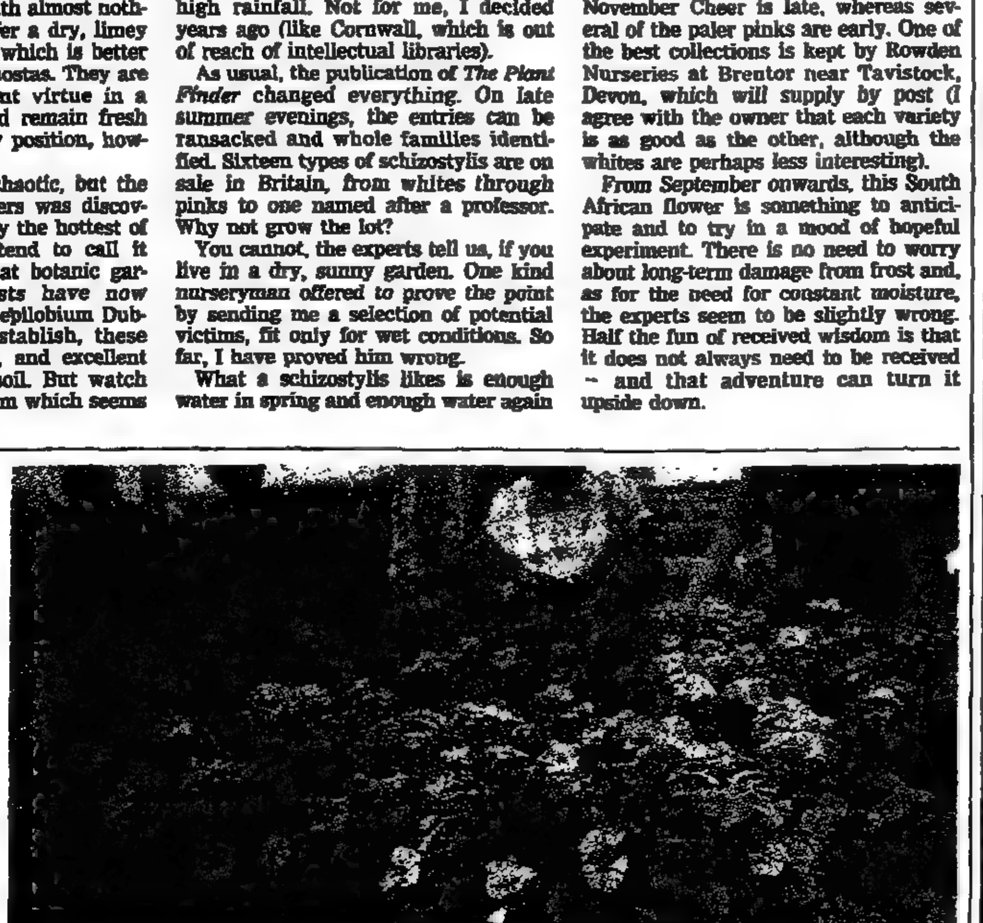
What a schizostylis likes is enough water in spring and enough water again in the weeks when it sets its buds. In between, the weather can be as hot as it wants: this year, my new plants are flowering wildly with no more attention than two watering cans and a wet April. If this performance is typical, they are the postscript we all need.

The green leaves are like rushes and send up stems about 2 ft high, set with clear, open flowers of pink, white or scarlet rounded at the edges. My plants are set near paving stones where the ground is always rather more cool. The flowers have high quality in colours which do not clash and which raise the tone in autumn among clear blues and white autumn crocus.

As for the varieties, the main distinction seems to lie in their season: November Cheer is late, whereas several of the paler pinks are early. One of the best collections is kept by Rowden Nurseries at Brentor near Tavistock, Devon, which will supply by post (I agree with the owner that each variety is as good as the other, although the whites are perhaps less interesting).

From September onwards, this South African flower is something to anticipate and to try in a mood of hopeful experiment. There is no need to worry about long-term damage from frost and, as for the need for constant moisture, the experts seem to be slightly wrong. Half the fun of received wisdom is that it does not always need to be received – and that adventure can turn it upside down.

More bark, same bite



So who needs peat? An Impatiens grown in softwood bark compost

THE LATEST development in the seed and potting compost controversy is that Fisons, connected closely with the development of peat composts for 25 years, is about to market a non-peat product in direct competition with its own well-known Levington Multipurpose.

Some months ago, Fisons gave virtually all its peat bogs to English Nature, a government-sponsored conservation agency. It now decides which bogs should remain undisturbed to preserve the natural flora and fauna, and which can continue to be used for peat extraction.

Putting these events together, you might suppose Fisons was pulling out of the peat industry altogether, but this would be wrong. The company's faith in peat as an ideal compost material is as strong as ever.

But it recognises that the kind of peat required for top-grade plant composts is becoming fairly scarce in the British Isles and needs to be conserved, although there is plenty of it in other parts of the world.

Fisons started seed and potting compost research in 1956 when it moved to Levington, near Ipswich, Suffolk, but the research was aimed at finding a substitute for soil-based composts (such as the John Innes' mixes, which were running into difficulties even then because of the shortage of loam of the required type and quality).

The company investigated many materials before settling on sphagnum peat, but it was not until 1966 that the peat-based Levington range was marketed. Testing and further research continued and, in 1976, a wetting agent was added; this made it easy to moisten the composts even after they had become very dry.

At first, there were several composts (differing mainly in their chemical content): one for potting, one for seed germination and the cultivation of small seedlings, and a third for *growing-on mature plants.* Eventually, a single mixture known as Multipurpose was deemed satisfactory for all these purposes in the home garden, and also for rooting cuttings. It has remained so.

While there seems little evidence that gardeners are moving away from peat composts on any scale, some obviously are uneasy about their ecological effects. So, Fisons has chosen softwood bark as the best alternative and has based its new peat-free compost on this.

Softwood bark is available freely as a waste product from the timber industry. It has no toxic elements or anything else that might prove harmful in the garden, and the new compost is intended to be just as effective as its peat-based predecessor for seed germination, seedlings, growing and full-grown plants, and cuttings.

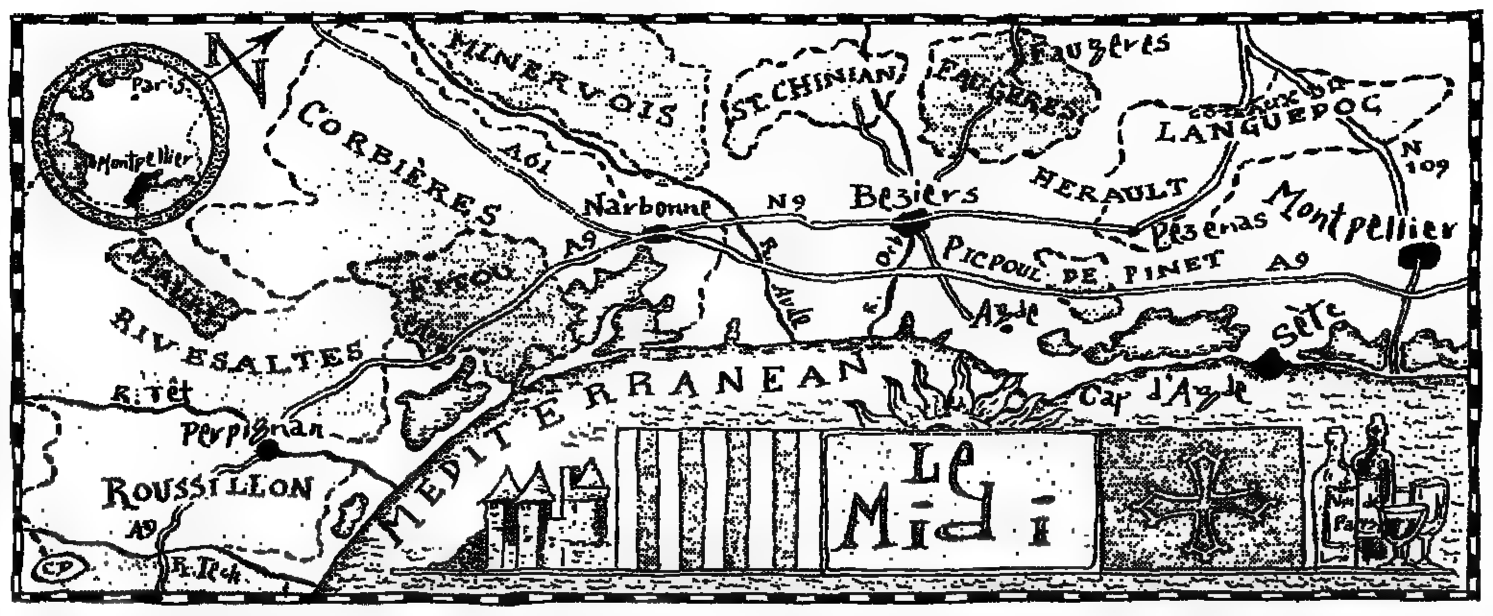
The peat-free product is pleasant to handle, moist and crumbly, and easy to fill into pots or use for picking out seedlings or inserting cuttings. It seems in every way a useful addition to garden composts.

Arthur Hellyer

FOOD AND DRINK

A wine bluffer's guide to the Midi

***Jancis Robinson** with a primer on Languedoc-Roussillon and some of the world's best-value bottles*



WE ALL know that the Languedoc-Roussillon, France's biggest wine region, can offer some of the world's best value bottles but few of us, even wine merchants, know our way round it yet.

Britain's biggest off-licence chain thinks Sète is "on the edge of Côtes de Rousillon (sic)", most of its rivals still lump both Languedoc and Roussillon in with minor obscurities under the belittling title "French Country Wines", and many wonder where Oc is. Here is the briefest of bluffers' guides to bottles that can offer real diversity and character in the £3 to £5 bracket:

Midi is a general but delightfully evocative name for the south of France. In terms of time rather than place, midi is noon, a time of firmly closed shutters when you may as well have your feet under a table here as everyone else will be busy lunching or snoozing.

Languedoc, the land where "oc" meant yes and white wine is still pronounced "venga blenga", is a vast sweep of vine monoculture around the Mediterranean coast. Generalisations about the wines produced are now, happily, impossible. The plains which once spewed forth vapid vin ordinaire for thirsty workers in northern France now boast pockets of quality-consciousness where prices are still ludicrously low (which means most cellars are still frugally equipped).

Roussillon should not be a Languedoc suffix at all but is the quite distinct, Pyreneen, semi-Spanish region that is French Catalonia. Here are exotic soft, full, dry whites; some uniquely complex dessert wines labelled Banyuls, Maury and Rivesaltes; and reds that are cheap but only occasionally excite. The Rivesaltes co-operative and the larger houses Cazes and Sarda-Malet do a good job but all producers struggle to fit the wines they want to make into the straitjacket of appellation contrôlée rules.

Corbières. The Languedoc's most interesting appellation, spread over 11 newly-defined but almost equally rugged terroirs of arid, generally hilly vineyards. Although generic blends of Corbières are as dull as any, many individual domaines are busting a gut to win medals and competitions with wines as well-made as France's finest. A typical good Corbières is deep red, slightly wild and intensely savoury. Fine dry whites are also increasingly easy to find, if not invariably thanks to fashions for oak-ageing and grape varieties as exotic as Roussanne, Marsanne, Vermentino and even Viognier. Over-achievers: Lastours, Voulte-Gasparets (Cuvée Romain Pauc) Roque-Sestière (white), St Auriol, La Baronne, Villemajou, Fontsainte, Ollieux, St Louis.

Minervois is the queen if Corbières is king, its wines lacking some of the punch perhaps, but making up for it with their suavity. As in Corbières, the best reds are made of Syrah, Grenache, Cinsault, Mourvèdre and as little Carignan as possible. There are dozens of dedicated domaines, but also some fine co-operatives which are investing in luxuries such as de-stalking machines and new oak casks. Over-achievers: Fabas, Laville-Bertrou, Fontbertière, La Combe Blanche, Violet, Gourgazaud, Centeilles, La Grave, Tour St Martin, Jean d'Allbert.

Fitou commands a mysterious price premium over the two appellations which lie to its immediate north, but has recently been coasting on a reputation cleverly built upon the wholesome-sounding but effectively fictitious Madame Parmentier's label. At best a mature Fitou can be a rewarding, full-blown experience but too high a proportion of production is undistinguished, fairly tough, high-volume stuff. Notable exception: Ch de Nouvelles.

St Chinian, the appellation to the immediate east of Minervois, is already slightly more Rhône-like, producing rounder red, and occasionally pink, wines with more obvious Cinsaut/Grenache sweetness, which can make them slightly less distinctive to palates brought up on Côtes-du-Rhône. Over-achievers: Coujan, Jougla, Berloup (top cuvées)

Faugères The best are silkier than St Chinian next door and manage to slip the juiciness of the local grape varieties into a bordeaux-like structure. Over-achievers: Estanilles, Laurens, Grezan.

Coteaux du Languedoc is the catch-all appellation for wines made east of Minervois and west of the Gard of which the authorities approve (ie are not named after grape varieties) So far sub-regions St Chinian and Faugères have managed to float above the surface to establish their own identity. Others bubbling up include La Clape – its Bourboulenc whites can beguile – another oddity, Picpoul de Pinet, and Pic St Loup. Over-achievers: Rouquette-sur-Mer, Mas Jullien, Prieure de St Jean de Bebian, Hortus.

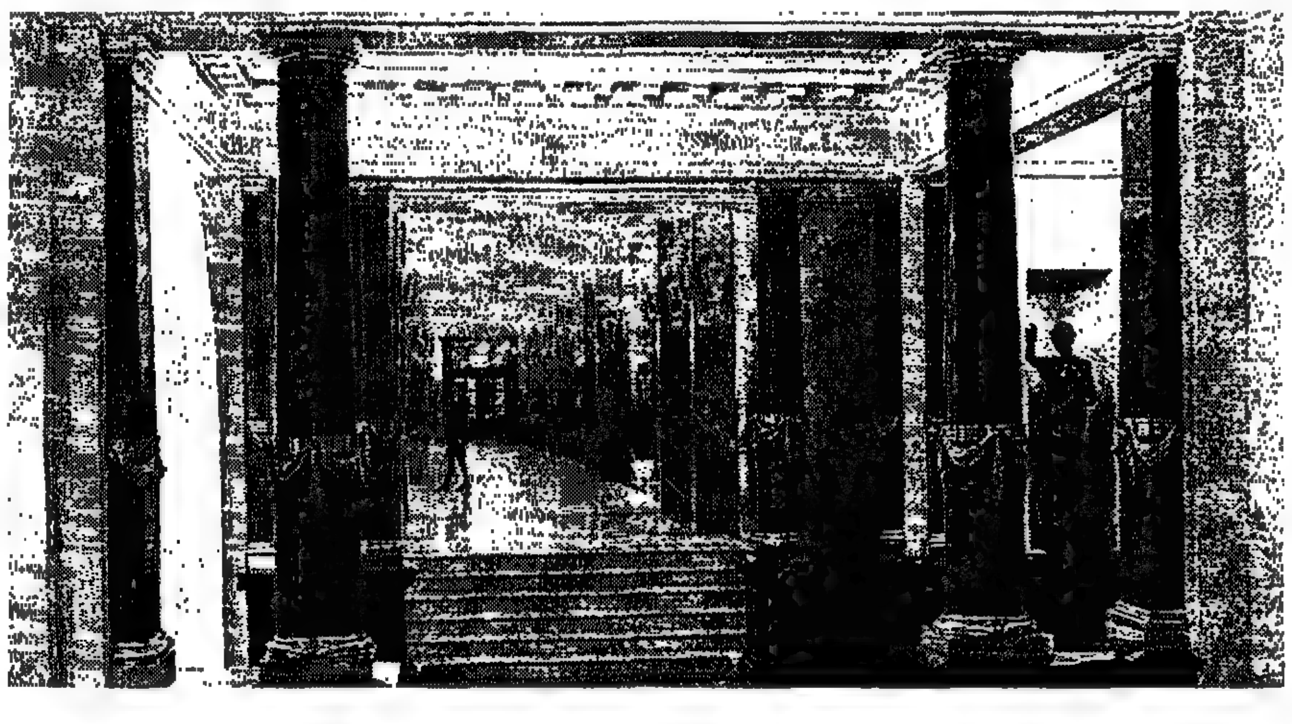
Vin de pays. Most of France's "country wines" come from either the Languedoc or Roussillon, and many of the Languedoc-Roussillon's most interesting wines qualify only as Vin de Pays rather than one of the appellations above.

They often carry obscure geographical names, but can offer superb value. The most common is the catch-all Languedoc category, Vin de Pays d'Oc, which may also be labelled with the name of a grape variety. Syrah and Merlot have been particularly successful reds, while whites stray boldly outside Chardonnay and Sauvignon territory.

Although Chardonnay is being planted fast and furiously, until recently the lion's share of Languedoc Chardonnay was planted around Limoux, famous for its sparkling Blanquette.

After Mas de Daumas Gassac, the Vin de Pays de l'Hérault with the classed-growth prices, the most successful PR coup has been Limoux co-op's Toques et Clochers annual auction of oak-aged Chardonnays, now available from Britain's Majestic chain for around £7.50.

Some of Roussillon's finest wines qualify only as Vin de Pays (and Fernand Vaquer's only as Vin de Table) because of grape varieties or alcohol levels. Languedoc: Condamine l'Eveque, Limbardie, Arjolle, St Martin de la Garrigue, Aupilhac, Bosc, Cante Cigale, Valmagne, Raissac, Peyrat, Montmarin, Coussergues. Roussillon: Mas Chichet, Gauby, Cazenove.



Grand hotels

Taste of Russian riches

*. . . but only if you are a foreigner, says **Jack Chisholm***

OPEN ANOTHER luxury hotel in London and no one notices. Do it in an impoverished, developing country, trying to recover from 70 years of communism, and you experience contrasts otherwise restricted to avant-garde films.

Since the Grand Hotel Europe reopened last Christmas, St Petersburg has provided the only true five-star hotel in Russia amid contrasts obvious even to the short-sighted.

"Dom Perignon?" "Of course, Madame." "Claret?" "Yes, sir. Might I recommend the Haut Brion '79?". The price, $179, (£101.10) a mere four years' salary for an average Leningrader.

Beggars, including children, stand or sit in the snow outside. A cheeky boy hops round on his one leg. Does he really need the money, I ask the top-hatted doorman? He begins a prepared speech about the "inadequacies of our former social system," thinks better of it, and replies simply "yes".

Perhaps the same contrasts were evident in 1824 when the hotel first opened and Russia already had an emerging middle class, although an absolute gulf separated serfs from aristocracy. Then, as now, it was the place to stay with regular visitors including Maxim Gorki, Nikolai Gogol and Anna Pavlova. And it was never cheap.

By the 1980s the hotel - renamed the Evropeiskaya - was completely run down, operating on service-with-a-snarl lines. I lived there for several weeks, enjoying the central location just off Nevski Prospect, the architectural gems, especially the extraordinary brass and marble, art nouveau lavatories (now sadly gone) and enduring the food in silence. It closed in 1989 with reconstruction entrusted to Swedish companies SIAB and hotel group Reso AB, the current operator, which own 30.5 per cent. Intourist's majority share has now passed to the city.

I may not be the best person to write about large hotels as I wilt under their impersonality. The Europe is truly different. Internally, at least, many rooms and guest suites go beyond good taste in achieving a harmony approaching artistic beauty.

Many old features have been retained, including the wonderful, galleried dining room and the first floor salon, though the grand piano has gone. Sven Vermelin, the urbane hotel manager, says: "We are trying to get it back but we are competing with a museum."

Modern features include a wonderfully spacious "open-air" cafe/business centre (there is a distant, glass roof) where the jangled nerves of afternoon guests are soothed by a superb harpist from the nearby conservatoire.

Capitalist brooms doubtless anticipated problems in sweeping out socialist stables, but the transition has been remarkably smooth.

Vermelin says: "We made a profit from day one. Ninety per cent of our guests are business people, mainly from France, Germany and the US. Food? We have a container from Sweden every week and higher returns than expected on food and beverage operations. Room rates start at $110 and go up to $500 for suites". And, although he was too polite to say so, those suites are really something.

Western businesses wanting to operate in St Petersburg have experienced major differences in finding office space. The Swedish consul Dag Ellander says: "First there are legal uncertainties over owning property. And secondly people here do not understand market realities. St Petersburg is not Tokyo or downtown New York."

So, many western organisations set up house in the Grand Hotel Europe, where attractions include reliable international communications facilities. They include Proctor and Gamble, the Danish Consulate and Dresdener Bank.

One of my favourite places is the Brasserie. Where else outside a university can you eat with so many graduates (all the waitresses?) such as the beautiful Maria, who has fluent Italian, good English (yes, I know, I am smitten) and a degree in film making, or economist Alesa: "It must sound funny. I graduated in economics from St Petersburg University and now I am learning to be a waitress in a capitalist production . . . Though I enjoy the work. Really! It is totally new for me."

Food is good, too, although with a Swedish bias. Breast of chicken in pepper sauce, should be fiery, not served, Swedish-style in up-market ketchup. And if you can find any Russian currency, the place to meet locals – especially neighbourhood mafia yuppies – is the Sadko rouble bar, where there is a simple, appetising menu and a glass of Swedish beer or a bottle of Russian sparkling wine cost the same, R200 (£1.12).

Nothing beats seeing how your food is prepared so I wandered into the gleaming, stainless steel kitchens to chat with Welshman John Evans, chief pastry cook and former sous-chef at London's Connaught.

Hard at work on gateaux opera and raspberry royales, Evans told me the hotel was just like home for quality, with only staff training carried out at a noticeably inferior level. But he admitted to other problems: "Like people nicking all my cooking chocolate."

For a final verdict, I turned to American Lynnley Browning, who works in the Europe for a resident US company. She told me: "This hotel is not only first rate by Russian standards, it is first rate by world standards. There is nowhere else like it in St Petersburg."

Meanwhile, flushed with success, Reso is setting its sights on the capital. Watch out Moscow, real food could ruin your tastebuds for ever.

I marched into the street and the grim reality of contemporary St Petersburg. Only a fraction of a per cent of the city's inhabitants have ever been inside the Europe. The $64,000 economic question is: how many of them ever will?

How to be a Schickimicki

***Giles MacDonogh** eats out in Munich*

IN 17 years a city can change a good deal. This has certainly been the case in Munich.

When I first visited the Bavarian capital as a student in the mid-1970s, the scars inflicted by the massive Allied bombardment were still visible and the huge Wittelsbach Residenz was partly ruinous and roofless.

The restoration of the city's exterior image is now complete and Munich has reverted to type: fiercely independent of the rest of Germany; Roman Catholic, chic and snobbish.

I arrived from Baden where my hosts had warned me to be on the look out for some of the more glaring elements of modern Munich society: the so-called Schickimickis or Bussi-Bussi Gesellschaft.

A Schickimicki they defined as a young man or woman squandering his or her parents money in a succession of fashionable bars and restaurants.

"Bussi Bussi is the noise a Schickimicki makes when greeting another member of the species: a call for a peck on both cheeks; a gesture common enough in Saint Germain des Prés but distinctly foreign to Germany.

With only two nights at my disposal tracking down a clutch of Schickimickis proved an uphill struggle. There were none in my first port of call Schumann's Bar in the Maximilian-Strasse : this was a serious drinkers' bar much frequented by journalists who prefer a Scotch on the rocks to the Schickimicki standbys of Prosecco or champagne. Nor has any crept into Harry's Bar in the Falkenturmstrasse, where the clientele was largely made up of Americans.

If any city made a claim to being the gastronomic capital of Germany it would have to be Munich. There are only three Michelin three-star restaurants in Germany and two of them are here: Heinz Winkler's Tantris and Eckart Witzigmann's Aubergine. In Germany Witzigmann enjoys a reputation similar to those of Paul Bocuse or Joel Robuchon in France.

Munich's chic tends to shun the more overtly Germanic. Shops such as Dallmayr in the Dienerstrasse by the Rathaus are brimming with imported Italian and French food and wine. All the top restaurants work in an adapted French idiom. Italian restaurants are the most popular with the Schickimickis.

Personally, I was looking for something more typically munichois After taking advice from friends I ended up at the Halali a restaurant in an old house in a quiet street not far from the Residenz. Halali is a German hunting cry, and in season game is the speciality.

'Stuffed owls and hunting trophies peered from every corner'

Not surprising then, that the walls should be covered in hunting trophies with stuffed pheasants and owls peering at you from every corner. It would be a mistake, however, to see Halali as the sort of taxidermist's wet dream found elsewhere in Germany or Austria (one has only to think of the Weisser Rauchfangkehrer in Vienna with its moth-eaten stuffed bears), the hunting theme is not overstated.

My meal started with a little carpaccio of tuna as an *amuse gueule* while I studied the menu. I chose a salad of venison and some baby calf kidneys and sweetbreads to follow. The salad was made up of endive, lamb's lettuce and mesclun with shitake and oyster mushrooms, pink peppercorns, roast rosemary sprigs and very tender venison fillet with its juices. It was a nicely balanced dish.

The sweetbreads and kidneys on the other hand, I felt had been rather too heavily flavoured with marjoram, a seasoning which seems to achieve a greater importance the further east you travel from the Rhine. This course was served with some fine sweetcorn drop cakes.

The service was discreet. Being alone I was trying unobtrusively to read a novel on my lap. The waitress pretended not to notice. There was piped music of the classical sort but turned down fairly low. Classical music should come as no surprise in a city where two out of three taxis I took were tuned into the classical radio station. Viennese drivers please copy.

I finished my meal with some rote Grütze with a dollop of walnut ice. Rote Grütze are sometimes billed as the German version of an English summer pudding, although the German dish blends its raspberry, red and blackcurrant mixture with semolina rather than bread, mixing the elements together to make a kind of deep red pond. There is nothing particularly munichois about it; in Mecklenburg there is even a dialect song about rote Grütze.

Up to this point I had been quite happy with the extensive wine list which was more than equitably priced. Sadly, however, in a country so famed for its pudding wines, Halali had none by the glass. I asked myself what a Schickimicki would do in the circumstances, and ordered a glass of champagne.

■ Information: Halali Schönfeldstrasse 22, 8000 Munich 2. Tel (89) 28 59 09. Open Mon to Fri 12 – 3pm and 6pm – midnight. Saturday 6pm - midnight. Closed Sunday. Menu at DM85. A la carte DM110.

Country Fare

High cheese

AS YOU climb Puy Mary in the Cantal mountains of central France the air becomes clearer and the tinkle of cowbells in the distance sharper; finally, you reach the summit.

Nearly 1,800 metres (6,000 ft) up, on the top of this extinct volcano is a view of awe-inspiring beauty. Nearby is Salers, one of the most picturesque towns in the area.

My reason for wanting to visit this medieval relic was not the church or the 15th century lava houses. I was there for the cheese and biscuits. A very special cheese, it has to be said, that carries the appellation Salers Haute Montagne.

Salers is made only in that particular area of the Auvergne from the milk of cows grazing at an altitude of 2,300 to 3,300 feet. It is to cheese what a premier cru claret is to wine. Aficionados reckon it tastes of mountain flowers – and they are right. But it is a complex flavour, tasting of milk and fruit, too. Made by hand in *burons*, shepherds' huts, the cheese takes months to reach its crusted best.

If you contact the local tourist office in Salers they will be able to arrange visits to the *burons* – the Salers cheese-making season is from May 1 to October 31. If you do not feel like motoring up the mountain – or worse, backpacking or cycling – you can visit the Marché aux Fromages in the rue du Buis in Aurillac. There you can learn the secrets of Cantal cheese production by looking at a reconstruction of a shepherd's hut and the traditional tools used to produce a real mountain cheese.

More important, just about every Auvergne cheese you can think of is on sale in the *marché*. If you want Cantal, Saint-Nectaire, Fourme d'Ambert or Bleu d'Auvergne in perfect condition this is the place to go. They also ship cheeses.

Oh – I nearly forgot the biscuits. Do not miss out on a packet – they are called Salers. Eaten straight from the oven these sweet rectangular wafers crumble delightfully in the mouth. Do not, as I did, keep them in a paper bag overnight, or they will taste like a soggy *Weekend FT*.

Jill James

Appetisers

Out to lunch

MEMO to finance directors: herewith, some of the best value three-course fixed-price lunch menus in London. Prices exclude drinks and service (071 numbers unless stated): L'Accento Italiano, W2 (tel: 243-2201) £13; L'Arlequin, SW8 (622-0555) £20.50; Alastair Little, W1 (734-5183) £18; Bibendum, SW3 (581-5817) £25; Cafe du Marche, EC1 (608-1609) £19; Capital Hotel, SW3 (589-5171) £20; Chinon, W14 (602-4082) £15; Four Seasons, Inn on the Park, W1 (499-0888) £25; Gilberts, SW7 (589-8947) £16; Hilaire, SW7 (584-8993) £20; L'Hippocampe, W1 (734-4545) £18; Launceston Place, W8 (937-6912) £15.50; Le Pont de la Tour, SE1 (403-8403) £22.50; Kensington Place, W8 (727-3184) £12.50; RSJ, SE1 (928-4554) £15.75; Salloos, SW1 (235-4444) £16; Simpsons in the Strand, WC2 (836-9112) £17.50; Snows on the Green, W14 (603-2142) £12.50; Sonny's, SW13 (081 748-0393) £12.50; La Tante Claire, SW3 (352-6045) £23.50.

Wine merchants with cut price classics on their hands include: Hungerford Wine Company, Berkshire (0488-683238); Laytons, NW1 / Andre Simon, W1 (388-5081) and London Wine Company, SW10 (351-6856).

□ □ □

It may be more fun to celebrate the Oktoberfest in Munich but if you are tied to London the Forum Hotel's Kensington Garden Cafe in Cromwell Road, SW7 is serving German food, wines and Löwenbräu beer until October 3 (except Sunday).

Nicholas Lander

Yachting/**Keith Wheatley**

Around the world the hard way

TELEVISION is said – endlessly – to have made the world smaller. At noon today the BBC's cameras will broadcast live from the Solent the start of the British Steel round the world yacht race. The success of the event owes a good deal to Chay Blyth's 1989 announcement on News at Ten, a British TV news programme, that he planned to send 10 identical yachts crewed by amateurs racing around the globe. Blyth was overwhelmed by volunteers clutching cheques for the required £14,850.

Yet the 130 crewmen waving to the watching millions will not be watching much television for the next eight months. Nor, after 28,000 miles against the prevailing winds and currents, will the world seem so very small. "They are going to be cold, wet and tired most of the time," predicted Pete Goss, the former Royal Marine who trained the crews and himself skippers one of the yachts. Some challenges never diminish in size.

All summer the small but voluble network of professional yacht-racers based around Cowes, Lymington and the Hamble have been disparaging the British Steel Challenge. These tanned, cynical veterans who can round the Horn on a can of Fosters and a muesli bar say that the amateurs are under-experienced and naive about what awaits them.

"We're all learning together and the whole first leg will be part of the training experience," conceded Vivien Cherry, the only woman skipper in the fleet. "Except for two, none of my crew have been at sea for more than five or six days. It'll be a nasty shock, I think.

"Reality will suddenly hit them when we're two weeks out and they think 'Ugh, we've got another three weeks before Rio and God knows how long at sea after that.' Keeping the concentration to run the yacht efficiently will be difficult.

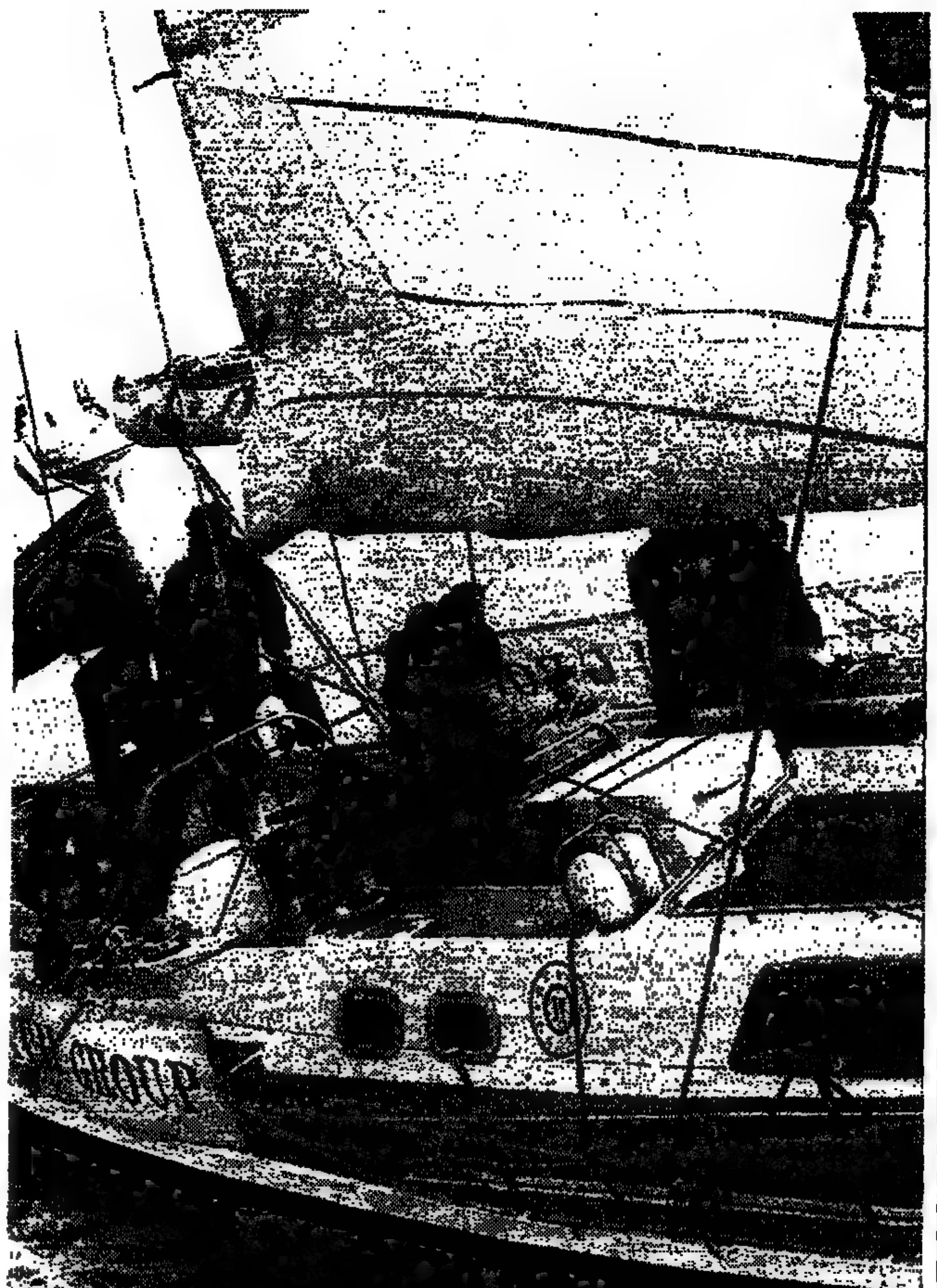
"All you can do is get them to push the boat, look after the boat, look after themselves. Nothing else exists. There is no point in worrying about house, family, friends. You're just there," added Cherry, who has competed in a solo transatlantic race and several Fastnets before taking the wheel of *Coopers & Lybrand* in this event.

It is my hunch that two things will protect these gutsy people, seeking only more adrenalin than normal life usually supplies, from harm.

The first is that the 67ft yachts themselves were designed and built to be virtually bullet-proof. Steel hulls constructed by former frigate-builders at Devonport dockyard are not going to start shedding layers in the Southern Ocean – as some hi-tech Whitbread boats have been known to do.

Masts more like industrial I-beams than the spindly antennae usually found on racing yachts are not going to topple in mid-Pacific. The modest sail plan is split into three via the cutter rig, giving greater flexibility and safety since crews on deck are always handling smaller sails than would be the case with a single headsail. High freeboard means the yachts should stay dry much of the time rather than the continual paddling pool which is the cockpit of a Whitbread racer – surfing downwind at double the speeds the Challenge yachts will average.

Caution is the second safety factor. Most accidents happen when racers push themselves beyond prudent limits because of the desire to win. No professional sportsman lacks that drive, although some control it better than others. These crews are not professionals and are dancing to a different drum. Ken Parson, the Welsh dairy farmer, has cows to come back to. Caroll Randall will return to deadlines on the *Harborough Mail* which she edits.



Steeling themselves: the crew of *Heath Insured* practising for the British Steel Challenge

Every one in the fleet has their own agenda. The racing will be competitive and spirited but in the end, whether *Heath Insured*, say, beats *Commercial Union* into Hobart (the second stop-over) is only a subtext to the main story.

Except, perhaps, to some of the sponsors, their names are up there in lights and commercial giants that play hard do not want to be at the back of the fleet. Fury erupted among the amateur crews a week or two ago when it emerged that the RhônePoulenc yacht had smuggled professional round-the-world racer Lionel Pean aboard the boat for the Ushant/Fastnet training race, in defiance of the rules.

There were angry scenes on the dock at the finish. The then skipper of *Rhône-Poulenc*, Alec Honey, has since found that his wife's illness obliges him to resign his command. It was an extreme case but other yachts have found their sponsors willing to pay for coaching – above and beyond the normal training programme – from professional sailors, particularly those with Whitbread experience.

David Alan-Williams, a designer and four-time Whitbread veteran, trained the crew of *Nuclear Electric* in Southern Ocean techniques. Paul Standbridge, late of *Rothmans*, performed similar evolutions for other yachts. There is more to this race than just a spot of character-building.

Motoring/**Stuart Marshall**

Volvo that feels like a Saab

YOU always knew where you were with Volvos and Saabs. Volvos made in Sweden were square in shape, built solidly and rear-wheel driven. Saabs were shaped aerodynamically, built solidly and front-wheel driven.

Volvo upset this neat and tidy arrangement last year by introducing its first all-new, Swedish-built car for a generation, the 850GLT. It still looked exactly like a Volvo but, under the sheet metal, it could easily have been a Saab. Its five-cylinder, 2.5-litre engine was mounted transversely and drove the front wheels through a very compact five-speed manual or four-speed automatic transmission.

When I tried it on its home ground, I found the all-independent suspension gave an excellent ride on anything from motorway to unpaved track. Its handling was predictable enough to suit the safety-minded Volvo owner; but I thought its sharpness – revealed when driven hard on a private test circuit – would have pleased a Saab buyer who enjoys getting a move on.

As luck would have it (I would have liked to say it was all down to meticulous forward planning), I spent a week recently driving a Volvo 850GLT on British roads, followed immediately by a fortnight in a Saab 9000 2.0t Eco-Power. Both were automatics.

The Saab 9000 . . . buyers like a touch of sportiness along with strength and safety

The 2.5-litre, multi-valve, five-cylinder engine of the £22,680 Volvo and the two-litre, multi-valve, light-pressure, turbo-charged, four-cylinder power plant of the £20,215 Saab had much the same output (170 and 165 horsepower respectively), although the Saab's torque (pulling power) was nearly 20 per cent greater. But the Saab, tidied-up at both ends for 1993, looked more elegant and far more up-to-date than its new rival. Visually, the Volvo could easily have been a 1982, not a 1992, model. Its dull and angular shape must rank as a great styling opportunity lost.

On the road, it was their similarities I noticed, not the differences. The Volvo has softer seats than the Saab although both proved comfortable over long distances. Both have excellent driving positions, with controls easy to reach and instruments visible clearly, although the Saab's fascia is the more attractive.

Can a four-cylinder engine be as smooth as a five-cylinder? Really, without lifting the bonnet you would not have known which car had which. A moderate degree of turbo-charging smooths out a four-cylinder as well as boosting its output.

In many ways, this kind of engine is ideal for powering a large car. When driving gently, the turbo-charger does little work. Only when full power is demanded does it force more fuel-air mix into the cylinders.

A heavy-footed driver can, of course, make a turbo-charged car very thirsty indeed. Keeping the engine constantly "on the boil" by accelerating hard from a standstill, and kicking down into a lower gear every time when overtaking, will ruin fuel economy. The secret is to exploit the turbo-charger's boost not as a habit but only when really necessary.

Although conceding a half-litre in cylinder capacity to the Volvo, the Saab matches its performance. Claimed maximum speeds (134 mph/216 mph) are identical.

The Saab is slightly, but not significantly, quicker off the mark. Both should reward economy-conscious drivers with close to 30 mpg (9.4 l/100km) on a journey.

Is the Volvo 850GLT likely to seduce traditional Saab buyers out of their 9000s? I doubt it. Excellent car though it is – the best that Volvo has ever made – its face is not its fortune.

Over the years, buyers of the big Swedish-made Volvos have said, in effect: never mind its looks, think how strong and safe it is. Saab buyers also go for strength and safety but like a touch of sportiness, too.

Were they to try a Volvo 850GLT, they would probably be surprised how good it is. But I reckon its staid, quintessentially Volvo styling would be enough to put them off buying one.

Soccer

Ibrox blueprint for the people's game

Nigel Matheson on the Glasgow Rangers vision of the future

AS DANISH champions Lyngby ran out on to Ibrox Park for the first leg of their European Champions' Cup encounter, the hostile growl that is Rangers supporters' customary greeting for visitors was tempered by apprehension.

The Light Blues have won four successive Scottish Premier League titles. These give them entry to the European Cup. In the first three campaigns they were embarassed, failing to get beyond the second round. This time Rangers won 2-0, but Lyngby did enough to suggest that the second leg this Wednesday will be no formality.

European cups which follow a knock-out format no longer make sense to large clubs like Rangers who do not enjoy being booted out in the early rounds of a lucrative competition.That is why Rangers championed the league system that UEFA – the European football governing body – introduced in the European Cup last season. If Rangers can survive the first two rounds they are guaranteed six money-spinning matches against top European clubs in the third round. Rangers hope this reform foreshadows the creation of a European league.

Success in Europe is vital for Rangers. They need the minimum of £3m that reaching the third round brings; their overdraft stands at £10m and since they also believe their future lies outside Scotland. They have to be capable of matching the best Europe has to offer.

In Scotland, football is a matter of great national pride. Scots think they taught the world how to play the game and Rangers represent a particular sub-set of national identity: proud, superior, Protestant and establishment. They are the True Blues, the West of Scotland's Finest. Goals for Rangers can trigger off the chant, "We are the people."

Rangers see themselves as the most progressive force in UK football and they have radical plans for the "people's game". These could show up the new English Premier League for the holding operation it is.

Rangers have gone as far as they can under Scottish football's current set-up. They are, says John Lambie, the manager of Partick Thistle, one of Rangers' Scottish rivals, "the one class outfit in the game today."

Rangers dominate the Premier League with a team assembled for £18m. The outlay on Thistle's current squad has been less than £500,000.

Not only have Rangers spent money on players, but they have also bought themselves a stadium, "a five star hotel without the bedrooms", which is unsurpassed in the UK and which must be the envy of many English clubs struggling to meet the government deadline for all-seater grounds.

Rangers, says Bob Reilly their commercial manager, have been transformed from an "old fashioned Institution with a capital 'I', a sleeping giant, into a highly successful commercial and business operation."

Off-field finance has been the key to the three phases of Rangers' revival. The first seed was sown back in 1964 with the establishment of Rangers Pools. For 20 years, this, the most successful club pools operation in the UK, was Rangers main source of off-field income. Since 1969, it has raised some £22m (£50m-£60m in today's money) through a variety of schemes including a spot-the-ball competition and a lottery based on football scores. Today 200,000 people participate every week but at its peak 700,000 played. Changes in the gambling law in 1985 sharply reduced prizes and profitability, but Rangers were developing other sources of income.

After the Ibrox disaster in January 1971, when 66 fans died in the crush on Stairway 13, Rangers transformed their stadium. Using the income from the Development Fund, the club built three new stands between 1978 and 1981 reducing capacity from 130,000 to 44,000 in line with a general decline in attendance. That was phase one of the Rangers reform.

Poor results in the early 1980s meant Rangers could not even fill their smaller stadium. Enter Graeme Souness as player manager in 1986 to start phase two: the transformation of the team itself. Souness, a combative Scot, had been the midfield force in Liverpool's European Cup winning teams in 1978, 1981 and 1984.

The pools money, enabled Souness to transform the thinking of the club. He reversed the traditional footballing trade imbalance with England. Top Scottish players have always headed south and Scottish football had always believed that this was the natural order of things. Souness changed that thinking. He could outbid English clubs and he was able to persuade English international players such as Terry Butcher and goalkeeper Chris Woods to come to Glasgow.

Overnight, Rangers became a force in the international transfer market. Souness also bought Mo Johnston, to break a long tradition at the most Protestant of British clubs of not signing Catholics. In Year One of Souness, Rangers seized their first Premier League title in nine seasons.

Reilly says no one could have had more impact than Souness: "The image of the team was soaring. We had broken the parochial mould, which was important. And the club was coming up with a product – by that I mean performances on the park – that could attract commercial enterprises and sponsorship.

"Prior to his advent, our season ticket holders numbered 7,000 or 8,000. With the emergence of his internationally-concepted team that more than doubled. Even when he left [to manage Liverpool], we were able to build on the image he had created. Today, because of it, our season ticket holders number 30,000, probably the largest in Great Britain. That gives us a very solid base."

Having built an excellent stadium and a team to fill it, Rangers entered phase three of their transformation when they were bought for £6m in 1988 by David Murray.

Murray is an Edinburgh businessman with interests in steel and property. He is the most powerful chairman Rangers have ever had. He owns over 63 per cent of equity and his power is absolute at Ibrox.

Murray is not a man for committees. He emerged from the inevitable Ibrox power struggle earlier this year with the right to oust other board members without putting it to shareholders vote.

Those who criticise him as a dictator are given the statistics. In four years, annual turnover has risen from £5.5m to more than £13m. Revenue from sponsorship, contractual deals, corporate hospitality, catering (including Rangers Chardonnay), publishing and stadium rentals is up from £1m to £6.3m. A new deal with Adidas, the sports equipment manufacturer, should generate £12m-£18m over the five years.

Murray, supported vigorously by Wallace Mercer, the chairman of Heart of Midlothian, the biggest Edinburgh club, is forcing through proposals for a Scottish Super League. Murray is behind an attempted break-out from the strength-sapping 44-game grind of the current Scottish Premier League, where 12 teams play each other four times a season and blunt their skills and appetite for the game in doing so.

Murray has persuaded nine other clubs to back the plan. They are threatening to break away from the Scottish Football Association which bitterly opposes the plan. Murray wants a reduction in the number of domestic league games to 18, which would leave his club free to play midweek in as yet unformed British or European leagues. The league, set to begin in 1994, will also concentrate revenue among Scottish football's elite.

Murray's aims include eliminating European knock-out competitions in Europe and ensuring a steady supply of money-spinning games at Ibrox, which will have the added benefit of raising the level of his team's performance against sophisticated opposition.

"Rangers are looking beyond Scotland," says Bob Reilly. "That's where the future lies. We are probably one of the few clubs in Great Britain who are ready to operate within a larger scenario because of the standard we've set in terms of stadium and commercial control. But we know one very important thing: the product has to be good or we can't sell it and go on to better things."

Aiming high in Europe: John Brown leaps against Valletta, Malta

New look, new label for Harvey Nichols

Lucia van der Post admires the London store's revamped image

HARVEY NICHOLS has long been acknowledged as London's one *really* glamorous store. Others might be bigger, quirkier and less damaging to the pocket but, when it comes to sheer knock-out glamour, there has not been another store to touch Harvey Nichols.

The irony has been that in spite of its vertiginous reputation, high-profile customers and royal patronage, it never seemed to produce the kind of figures that its profit-driven masters had in mind. It lost £3.5m in its last 13 months as part of the Burton Group and it is no secret that Burton was mightily relieved when Dickson Poon, from Hong Kong, took it off its hands for £57m.

The problem now for Dickson Poon is that he has somehow to make his investment pay in some of the worst trading conditions anyone can remember. All the signs are that he does not seem short of ideas. His feet were hardly under the boardroom table before Amanda Verdan, director of fashion buying, was despatched to put together a collection of Harvey Nichols own-label clothing – everything the fashionable woman-about-town might want to wear at affordable prices, was the brief.

Last week it hit the Knightsbridge store and this Friday it goes into a new Harvey Nichols store in the Landmark Building in Hong Kong. One does not need to be a business genius to see what Dickson Poon has in mind – if the own-label collection works (and I believe it deserves to) then this just the beginning. Harvey Nichols' label may well be seen in a great many places besides Knightsbridge and Hong Kong.

It is, by any standards, a desirable collection – filled with everything the snappy dresser could hope for. All the season's must-have pieces are there – the long sarong, wrap-over skirt in wool crêpe, the cigarette pants made out of men's tie material, the long over-sized coat for wearing over the new long skirts, the perfect satin evening trousers, the black cashmere "bodies".

Amanda Verdan has aimed at the sophisticated woman who has some know-how at putting a wardrobe together. The idea is to build a wardrobe out of classic basics and then to put them together in different ways. There is lots of black and navy and an edited selection of key accessories – the essential beret (see it sketched right), the stunning leather belt with a great big buckle, the man's silk scarf (particularly good in navy and white spotted chiffon), the good handbag. Most of the clothes are meant to be worn with flat shoes or wedged platforms and opaque tights.

There are also a few magic pieces which are not essential but for those who can afford them give life and lift to a whole wardrobe. The printed silk coat, (sketched here right) is worth enduring a month of baked bean dinners for. The brown suede jacket may seem expensive at £600 but given the quality and what it could do for the most basic of wardrobes you could easily kid yourself it is a snip at the price.

It is a tight collection, beautifully thought out, so that almost everything in it can be worn in one way or another with other pieces in the range. It is particularly strong on evening wear with lots of sophisticated, seductive little black dresses.

Notions of what is affordable, of course, vary – one person's idea of affordability is is another's extravagance. Those used to shopping in High Street stores and middle-market chains will find the prices high. Those accustomed to trawling through the big designer names should be happily surprised. There are satin-backed trousers at £160, lined wool crêpe skirts at £250, cavalry twill ones at £150, and an over-sized black or navy coat at £390. The knitwear – all cashmere with silk and cashmere mixes mooted for the spring – averages £200 a piece. The dresses are mostly around £260 and jackets start at £250.

The collection is on sale now on the first floor. Anybody who feels in need of a little help in putting the whole look together should ask for Kim, who is there to help do just that.

The essential coat this winter is big, long and generously-proportioned. The Harvey Nichols own label version comes in black or navy wool, £390, and is shown here worn over a cashmere body, £210. Also worn with it are a navy and white spotted chiffon shirt, £250, and a man-sized navy and white spotted chiffon scarf, £99. The cavalry twill trousers come in navy, black or stone and cost £150

Every fashionable wardrobe is going to need a long skirt this winter and the Harvey Nichols own label version comes in an easy-to-wear wrap-over sarong style in black wool crêpe. It costs £250. Teamed with it is a black cashmere body at £210 (it also comes in cream, navy or chocolate) and a brown suede jacket at £600

Sophisticated evening wear is one of the big strengths of the collection and one of the most desirable pieces of all is this floral printed silk coat, £490. It could liven up the simplest (or dullest) black dress. Here it is worn with black satin-backed trousers, £160, and teamed with an intricately beaded bustier at £690. Plain bustiers are available at £150

Designs on new designers

IT IS NOW some five years since Zeev Aram of Aram Designs, appalled at the way British industrialists seemed not to know what a fund of creative talent was emerging from our art schools, determined to make it easier for them. Alone – "like Richard the Lionheart" as Joycelyn Stevens put it in his opening address – he has spent each of the last five summers scouring art schools from Plymouth and Brighton to Glasgow and Edinburgh.

The best and most promising work he brings to London, lays out at his own expense in his centrally placed showrooms in Covent Garden and hopes that some of the great and good might find the time to see what the brightest and the best of the young designers are up to.

To say that he has been disappointed is an understatement – few of the industrialists seem able to make it to Kean Street in Covent Garden. Whilst foreign companies trawl our art colleges like hungry crocodiles, snapping up our young designers as they emerge ready-trained at the taxpayer's expense, many British companies seems reluctant even to come and look at what they are doing.

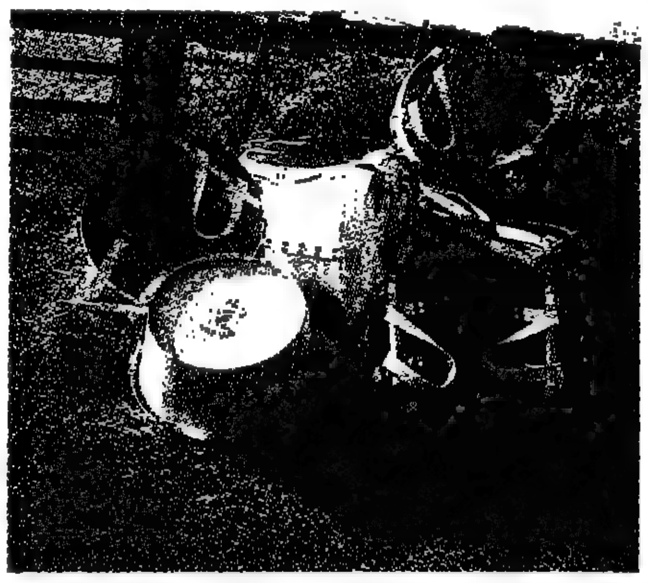
So, this is a plea for all those industrialists who are in dire need of new ideas and innovative products to make it to Kean Street before the exhibition closes on October 8 and take note of all the talent that is about.

The range of designs is vast – from Jeni Lennox's seductive velvet shoes to Oliver King's award-winning microwave. There are marvellously simple objects such as Stephen Huane's radiator key (sketched below right) – a little tube attached to the key catches the water that leaks from the radiator as you bleed it.

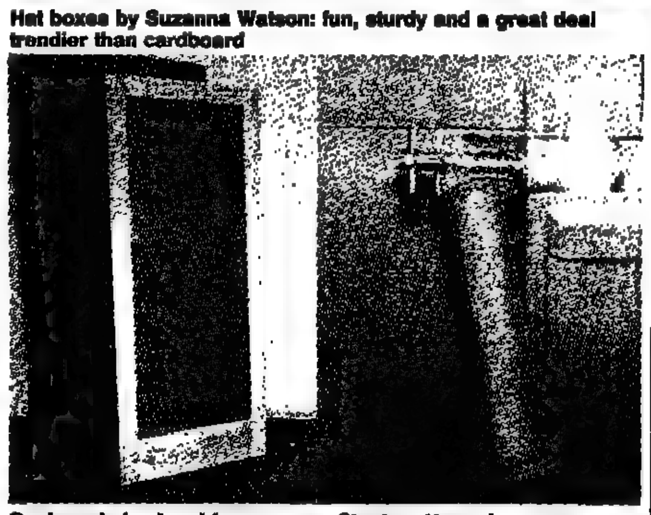
Pictured top right are Suzanna Watson's hat boxes – not amazingly innovative, perhaps, but fun, sturdy (they are made of bent plywood with soft kid leather tops and turned handles) and a better way of storing hats than the average cardboard box.

Photographed near right are Jeni Lennox's cupboards – as Zeev Aram puts it: "She has brought a fresh approach to a boring subject and used a wonderfully basic material like lacquered MDF with ash frames to produce three pieces of storage (hanging space, drawers and shelves) that are simple and work well."

L v d P



Hat boxes by Suzanna Watson: fun, sturdy and a great deal trendier than cardboard



Cupboards by Jenni Lennox: a fine eye for design brings a fresh look to a boring subject

Stephen Huane's no-drip radiator key is an innovative rethink of a basic idea

The pick of the (artificial) bunch

IF YOU thought artificial flowers were the sort of naffery that went with flying ducks, garden gnomes and dear little knick-knacks all over the place, then you should hurry along to Pulbrook & Gould where there are silk flowers to make you think again.

Pulbrook & Gould is that most establishment, most revered of florists, and when it decides to do something it does it properly – nothing but the best silk and tender hand-painting for them. Roses, hydrangeas, daffodils, tulips, polyanthus . . . almost everything the garden has, Pulbrook & Gould now offers in silk.

Some prefer silk flowers to look as real as possible, and P&G has these in splendidly realistic ready-made arrangements. Personally, I think they look best when used as a witty conceit, when their artificiality is all part of the fun. The tulips planted in strict little rows, like the ones in the picture above, work, to my mind, better than the large mixed bunches pretending to be real.

But each to his own taste – Pulbrook & Gould will sell the flowers singly (medium tulips £10.50, large £12.50) or make up arrangements in customers' containers or to suit customers' own colour schemes.

■ *Pulbrook & Gould is at Liscartan Houses, 127 Sloane Street, London SW1X 9AS.*

L v d P

Suit yourself for £50 – or 13 times as much

***Daniel Green** dresses up – and down – to discover the details that make tailoring for gentlemen a potentially costly affair*

IN *What they Don't Teach You at the Harvard Business School,* Mark McCormack says: "It is desirable to have your business dress say nothing about you – other than perhaps that your clothes fit." If that is so, the grey suit should be the perfect business dress. But why pay £700 for a designer label when a discount shop will give you something that fits for less than a 10th of that figure?

At stake were some hefty reputations. Could the seamstresses of the eastern bloc match the couturiers of Paris? Could the buying power of Marks & Spencer compete with the delicate touch of Savile Row? I needed help.

Enter Henry Rose of Rose, Kent and Stephens, a man with 32 years in Dover Street and, latterly, Savile Row, a man who could assess a suit if anybody could. We took four off-the-peg, single-breasted grey suits ranging in price from £59 (two for £100) to £735.

The Yves Saint Laurent, the most expensive, was dark grey with a subtle, almost invisible check that Henry called "window pane." The jacket had the fashionable three buttons, rather than the two on the other suits.

The cloth was the softest of the four and felt expensive. Henry warned that softer cloth wears out faster and does not hold a crease long. Apart from that, he was ecstatic: "I'm gobsmacked. This is the kind of suit that worries tailors."

He praised the materials (cotton for pockets, rather than nylon) and the care taken in putting the suit together. The check lined up precisely at all seams and the pleats were folded towards the fly in the classic Savile Row English style. Details not on the other suits included an inside pen pocket and D-shaped stitching to reinforce pocket corners.

More sober was the stolid dark grey of Austin Reed "hand tailored by Chester Barrie." At £625 it was a decent suit, said Henry, made of "bread and butter Savile Row cloth." He liked the well-finished buttonholes, precise cut of the sleeves and the under-arm triangles of cloth to absorb perspiration. But the rest of the cut did not please him. "The trouser pleats are too close together; it gives a feminine look."

The cost-cutting measures, too, were disappointing: the buttons looked like a bit like plastic and there were only three on each cuff. The worst criticism was that the jacket pockets did not have "jets" – a strip of cloth above the pocket flap that looks neat if the flap is pushed inside the pocket. And the lapels were last year's width. "Not a young man's suit," was Henry's verdict.

Marks & Spencer was next: a mid-grey herringbone at £160. "You wouldn't have got quality like this for the price five years ago," said Henry, running his thumb over the edge stitching along the lapel. The trouser pleats, a masculine distance apart, met with his approval, as did the fake horn buttons. But there were signs of cheaper manufacture.

The jacket cloth was "fused" – that is, the two layers of cloth were glued together to add stiffness and make sure they fell into shape when the wearer stood up. "The Yves Saint Laurent and Chester Barrie are well enough made not to need fusing," said Henry.

The suit felt bigger to me then did the first two, even though I had asked for the same sizes from each supplier. "Marks usually cuts them generously. They play it safe with a lack of shape," said Henry. He also pointed out that the material was bunched at the shoulder. "There should be more cloth just at the shoulder."

Finally, it was the turn of a "Ronnie Wiseman" Bulgarian-made suit at £50 apiece (if you buy two) from Hadleigh, Cheapside, in the City of London. "Amazing," said Henry, "You can't get a metre of cloth for £50 in Savile Row."

Costs clearly were cut in several places. There were no trouser pleats and the jacket was fused, while viscose lined the breast pocket. "But these are just details," said Henry. And the side pockets were jetted, unlike the Chester Barrie.

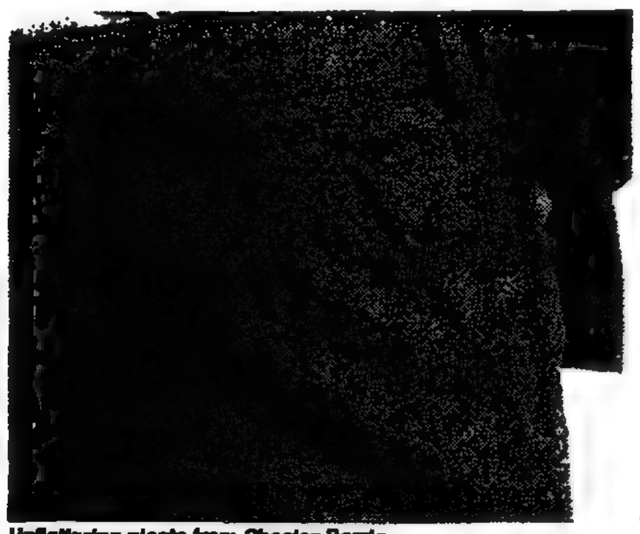
It felt a tough beast, a mixture of polyester and wool with a vaguely canvassy touch. The style was hardly chic, but I did not feel I looked like a newly-arrived east European emigré.

After three hours of exhaustive study, we totted up the results. Henry and I agreed that while Marks & Spencer and Chester Barrie were safe bets for those with the McCormack tendency, we were more impressed with the very different efforts of Yves Saint Laurent and Ronnie Wiseman.

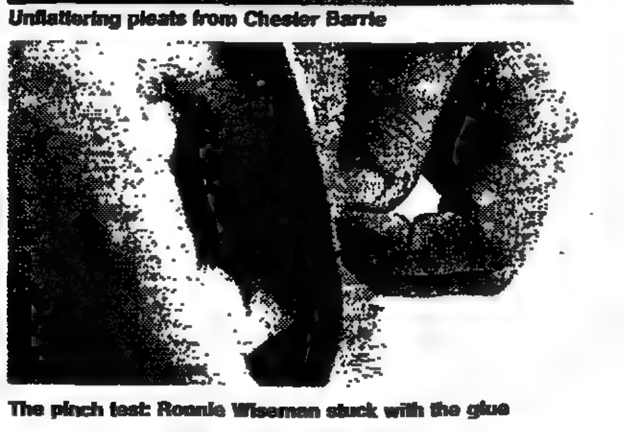
Trevor Humphries

That suit, sir, is you sir . . . Daniel Green plumps for Yves St Laurent Rive Gauche at £735

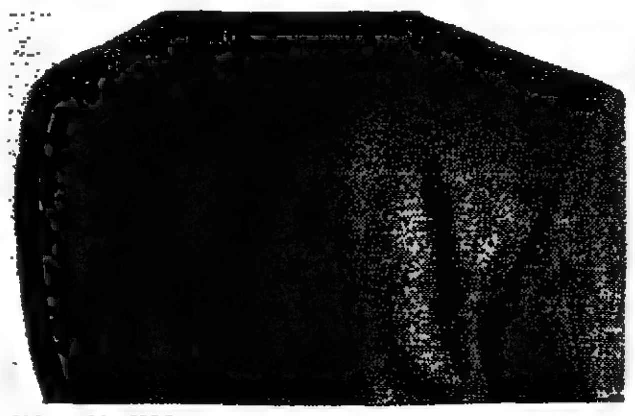
YSL's four buttons and perfect pocket stitching won plaudits



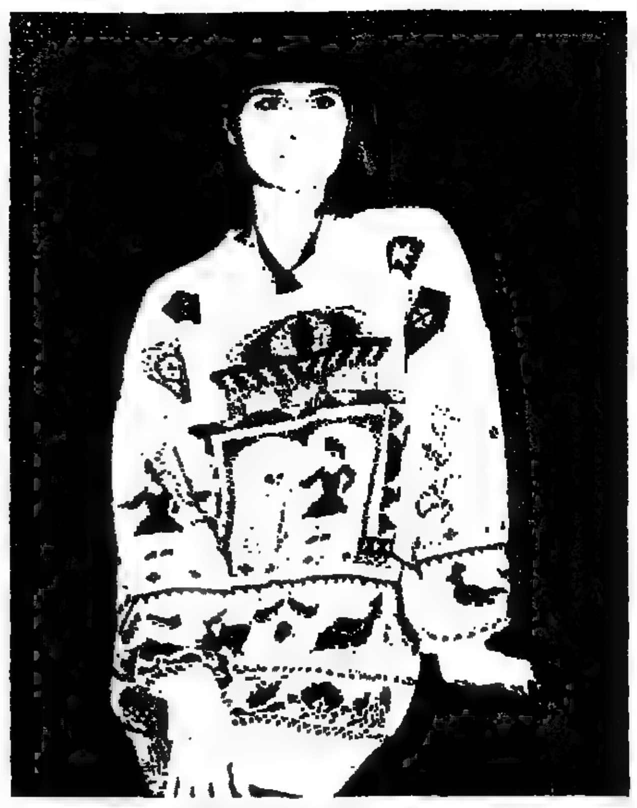
Unflattering pleats from Chester Barrie



The pinch test: Ronnie Wiseman stuck with the glue



Old wrinkly: M&S goes for a generous cut



Jamie & Jessica Seaton's design for a self-knit sweater. £57. J & J Seaton, Goetre, Llanfynydd, Carmarthen, Dyfed SA32 7TT.

Masters of the sweater game

HAND-KNITTED sweaters are one of the great collectables. Many designers bring out a new – and, of course, "exclusive" – creation every year which aficionados simply MUST have.

From Ralph Lauren to Krizia, it has proved a masterly way of persuading their followers that last year's sweater simply will not do and another investment has to be made.

Joseph, of Joseph Tricot fame, has a knack of making any of his designs a must-have. The year of the rose-embellished sweater saw most fashionable girls around town prepared to do without almost everything else provided they could raise the £250 the garments cost.

Joseph's fans might like to know that this year's collectables sport either a Moroccan theme or the perennially popular rose. Such are the hard times that prices remain around the £250 mark.

At Ralph Lauren, this year's themes are reindeers and snowflakes. Those with around £460 to spare seem to think the investment worthwhile.

Jamie & Jessica Seaton are another of the big names. They started by making richly-coloured, intricately hand-knitted sweaters but found the market was limited, not only by price but also by the numbers they could *produce*.

For all who have longed for one of their designs, but have not been able to afford it, they now sell 11 of them in kit form. This means that anybody with the skill and patience to tackle the knitting themselves can have a J. & J. Seaton sweater for a fraction of the usual price.

The kits vary from £42 to £69 for the most elaborate, and designs range from roses to diamonds and tigers. All look – and are – special. For a folder with coloured photographs of the complete range, write to J. & J. Seaton, Goetre, Llanfynydd, *Carmarthen, Dyfed SA32 7TT.*

The ready-made versions are available at prices from £250 to £500 at exclusive shops up and down the UK. In the West End of London, these include Liberty of Regent Street and Browns of South Molton Street.

Lucia van der Post

1

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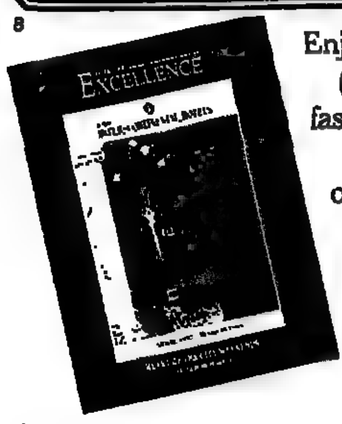

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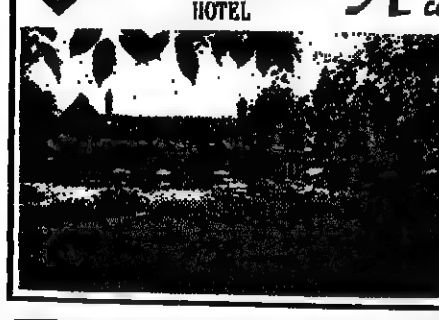

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Weekend FT

TRAVEL

The rebirth of a bombed-out city

***James Bentley** visits Dresden and discovers that it is fast returning to its Baroque splendour*

DURING THE second world war the citizens of Dresden considered themselves deliberately spared from the worst effects of the conflict. They welcomed refugees, evacuees and the wounded. Then, on the night of February 13 1945, allied aircraft turned the city into a fire bomb. Perhaps 60,000 people died, perhaps 130,000. Sixty per cent of the city was destroyed.

For two days after the bombing the heat remained so intense that survivors dared not emerge from their cellars. The Frauenkirche – its 95-metre baroque dome was part of the characteristic silhouette of Dresden – remained standing. But inside, the eight columns supporting its roof were melting. After two days the church collapsed.

What was saved of the city was cherished, even under communist rule. As soon as the communists departed, the pace of restoration quickened. The communist regime had decided to preserve the Frauenkirche as a ruin, a memorial to the bombing. Now Dresden plans to restore it to its original baroque splendour.

Dresden is no longer a symbol of second world war devastation, nor of communist dreariness. The Georgij Dimitroff bridge, named after an obscure socialist theoretician, has been given back its proper name and is once more the Augustus bridge, named after Augustus the Strong, who had it built.

So many street names were changed after the Russians departed that the joke was you went to bed in one street and woke up in another. Four years ago, industrial pollution had covered much of the city in a crust of soot. Today the pollution is no more and once again Dresden gleams. It is an east German city reborn.

Augustus the Strong gave Dresden its baroque face. He also sired 17 legitimate children and several hundred illegitimate ones. A Protestant, he turned Roman Catholic when elected King of Poland in 1697. His gilded statue stands at one end of the Augustus bridge, an elegant structure with long arches and bastion-like refuges where you can pause to admire the River Elbe and the celebrated Canaletto view of the far side of the river.

Across the bridge rises his sinuous court church, commissioned from the Italian architect Gaetano Chiaveri and built in the Italian late-baroque style. Ruined in 1945, its interior once again glitters, especially the ceiling frescos, the gilded pulpit and above all Gottfried Silbermann's 3,000-pipe organ. Its tower is scaffolded, soon to be restored to its former splendour, to rise above the building as it did from the early 18th century.

Since most of Augustus the Strong's Dresden subjects remained Protestant, this court church is an oddity, designed so that on feast days the Catholics could process inside the building, to avoid being stoned by their religious opponents if they ventured outside.

The court church also incorporates the royal mausoleum. The mortal remains of the Saxon royal house lie in bronze tombs. Only Augustus's heart is here, in a bronze container. It is said to flutter whenever a pretty woman passes by.

West of the church stands Dresden's greatest treasure, the Zwinger palace. This, too, was built because of a conflagration, an earlier one than that caused by allied bombing. Dresden was gutted by a disastrous fire in 1685. Among the architects brought to rebuild the inner city by Augustus the Strong was the brilliant Matthäus Daniel Pöppelmann. Augustus made him sculptor-architect to the court in 1704.

Work began on the Zwinger in 1709. Initially, Pöppelmann intended a much larger palace. What he left is an outdoor theatre: a square court, the ends U-shaped and closed with glass pavilions. Pöppelmann seductively alleviated the severity of this design with luxurious curves, balconies, staircases, urns and statues.

No-one ever lived in the Zwinger. Its purpose, quite simply, was to serve as a royal playground, its orangery to store in winter the plants which in summer would grace the grounds. Here were mounted dances, tournaments, opera – any form of royal entertainment.

Immense damage was inflicted on this palace in 1945. It has been almost completely restored. Go through the archway of the town pavilion (Stadtpavilion) and immediately turn round to spy a Glockenspiel whose bells are made of Meissen pottery. Augustus commissioned it, but no-one managed to create it successfully until the 20th century. The crossed swords carved above the Glockenspiel are the symbol of Meissen porcelain.

Pöppelmann was exceptionally fortunate that one of his collaborators was the Bavarian sculptor Balthasar Permoser. The statues of the Four Seasons on the Kronentor, or Crown Gate, as well as the drummer sculpted on its internal face, are his work. But you see him at his most brilliant in the rococo fountain of the three nymphs in the Zwinger palace. Here, out of stone, Permoser created diaphanously-clad luscious ladies.

Since in winter the water freezes, the fountain of the nymphs has to be turned off. To cope artistically with this, Permoser and his assistants carved on its basin seaweed, moss, fishes and stones which appear to drip with water even when none is flowing. Not long ago all this was sootily black. In the past three years it has been exquisitely cleaned, another part of Dresden reborn.

Pöppelmann planned to create what he himself described as "a stroll in the middle of the city which would delight the most refined ladies and gentlemen of the court." But he never finished the Zwinger palace. His style fell out of favour, and work ceased in 1732. The north-east wing, the picture gallery, was added only in 1847 by the classical architect Gottfried Semper. Today it houses one of the most important collections of old masters in Germany.

At the other side of the bridge, Augustus and his prancing steed look along pedestrianised, sensitively rebuilt Hauptstrasse, which is flanked with a startling number of bookshops, as well as foodshops, clothes shops and restaurants. Trees shade statues of artists, gods and goddesses. On the left are some surviving houses of the original street.

In spite of its reputation as a pariah because of the second world war and communist neglect, Dresden today is a green city. Here the meandering River Elbe is some 130m wide, and on either side parks and gardens add to the ambience.

Some of the suburbs are superb. Hellerau, to the north, for instance, is celebrated as the first German garden city.

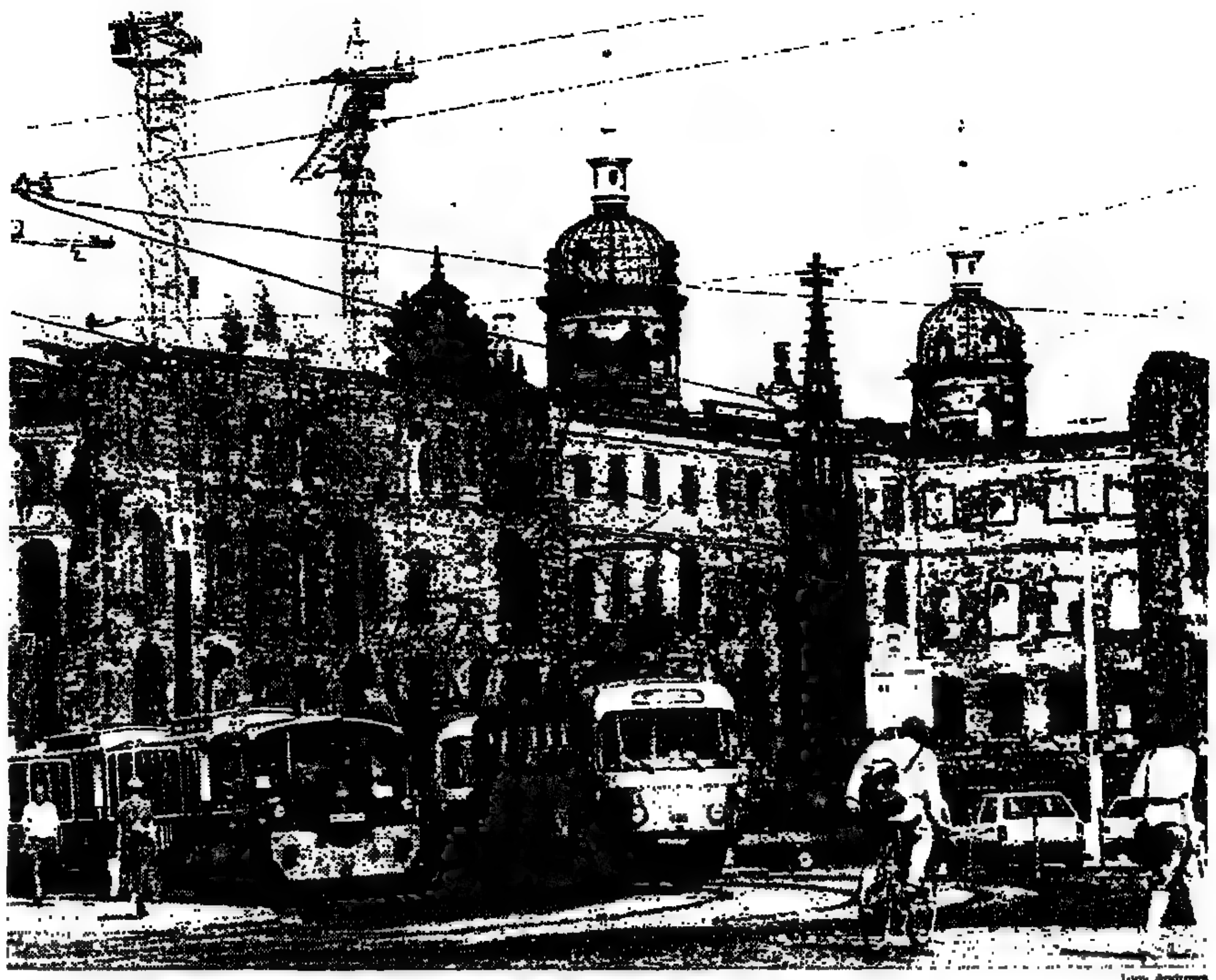
Dresden's finest and largest park, the Grosser Garten, laid out in 1676, is traversed by a little train, and houses a zoo with some 2,000 animals of 450 varieties, a baroque palace of 1683 and a couple of lakes.

Further afield, the city is surrounded by mountains and castle-topped hills. One such castle defends the exquisite porcelain city of Meissen. The river winds its way below slopes covered in vineyards. This is a shallow river, but when there is enough water such lovely hotel ships as the *Elbresidenz* and its sisters, the *Clara Schumann* and the *Theodore Fontane*, cruise to Saxon Switzerland or as far as Magdeburg or Prague.

At night, as you eat on board, moored beside Dresden, the great black river is streaked with gold from the city lights.

■ James Bentley flew to Dresden with Lufthansa. In Dresden he was a guest of the German national tourist board at the Maritin-Bellevue hotel. Double rooms cost DM488 (£192.10). Tel: (010)-49-351-56620. Eastern Germany is still short of hotels, but for a small cost many local tourist offices will find visitors well-appointed and reasonably inexpensive bed and breakfast rooms.

James Bentley is writing a Viking/Penguin guide to eastern Germany.



Tony Andrews

Dresden: today pollution is no more and once again the city gleams

One man and his dog: in the centre of Germany's first garden city

Victoria and Albert in a Scotch mist

***Michael Woods** follows the trail of a great royal Scottish expedition*

A DAMP morning with thick mist shrouding the top of Lochnagar – most provoking! There is nothing for it but to make the best of things. We started at a little after 9.30 am in the carriage. It was blowing fearfully, almost a hurricane, and the stream was very full. Leaving the carriage we set off on foot at 11am and, although the ground was soft, we soon reached the track running alongside the loch.

The native pines are very fine here. The ascent is quite stony and the path winds along, climbing higher and higher and passing small waterfalls which are quite magnificent. We lunched at a little after 3pm.

The sun struggled through as we passed beneath Lochnagar and, although we sometimes had to walk through old snow drifts, it was fine. Arrived home at 6.30pm and dined at 8pm.

SO MIGHT our day around Loch Muick have been recorded in Queen Victoria's *Highland Journals*, had she been with us. She would probably have included a note about the several red grouse which leapt from our feet in a flurry of wings.

She might have added reference to the herd of 90 or so stags which shifted almost imperceptibly up the steep, dark brown, heather-covered hillside away from us as we crossed the foot of the loch.

But the frogs in the shallow ditch beside the track would have played no part in Victoria's diary. They were too small to have been noticed by the royal passers-by.

Victoria was the first reigning British monarch to visit Scotland for any length of time since the days of Charles I, and Deeside only became a regular royal venue after Victoria and Albert acquired Balmoral and built the new castle there in 1855.

The benefits from the sudden arrival of royalty on their doorstep were not lost on the canny Scots, and a number of "By Appointment" crests hangs over the shop fronts in nearby Ballater.

Royal Lochnagar Distillery above Balmoral was also graced by the presence of Victoria and her prince, and today's visitors probably see little change in most of the processes there.

In addition to the castle, Victoria built two houses at Loch Muick. The first, with Albert, was at the foot of the loch while the second, Glassalt Shiel, was built after his death: Victoria could not contemplate living in the first house again because of the memories it had for her.

She called the new building the Widow's House, and it stands at the head of the loch overshadowed by dark mountains. We passed it on our walk and could well imagine an estate agent today presenting it (with some accuracy) as a substantial double-fronted stone house with six bedrooms, four reception rooms and fine views over the loch. In Victoria's book it is "a compact little house (but with only one staircase)".

How she would have described the comfortable four-star Craigendarroch Hotel in which we stayed just outside Ballater, with timeshare lodges scattered among the trees in its 28 acres of grounds, is impossible to say.

Among the outside activities offered is horse riding based just a few miles away down the Dee Valley from the hotel in Glen Tanar. Suitably mounted on pleasantly responsive ponies, we climbed up into the hills, hacking along forest tracks, fording streams and even riding along the Queen's Drive, so called because Victoria and Albert passed this way on one of their "great expeditions".

At the time these excursions would have been exercises in logistics almost as complicated as modern-day Himalayan expeditions. Using carriages on the roads and crossing moors and mountains on foot or on the backs of local ponies, the royal party would cover 40 or 50 miles in a day and stay away from home for two or three days at a time.

They climbed over mountain ranges through weather which was often inclement and without the comfort of modern hill walking clothing and equipment. On the far side, frequently cold and soaked through, they would be met by waiting carriages which would take them to a local inn. Victoria delighted in staying incognito, although one gets the feeling from her journals that she half wanted to be recognised.

As the discovery of their true identity followed the royal party, so they left a trail of carved memorial stones and name changes behind them. Once sampled by Victoria, an ordinary water source became the Queen's Well.

Perhaps the most notable is at Fettercairn, which marks one end of the Victorian Trail produced by the Kincardine and Deeside tourist board. The Queen spent the night here but the villagers only discovered the visitors' identity after they had left.

Almost, one suspects, as an act of penance they constructed a large, pinnacled gothic archway over the road.

The cost to the local inhabitants must have been enormous. However, the value of the penance to the village is now becoming apparent, for heavy lorries – unable to pass through the arch – are forced to divert around the village centre.

■ Michael Woods stayed at Craigendarroch Hotel and Country Club, Ballater, Royal Deeside AB3 5XA. Tel: 03397-55858. Royal Lochnagar Distillery is open throughout the year. Tel: 03397-42273.

Several of Victoria's routes can be gleaned from *Queen Victoria's Highland Journals*, published by Webb and Bower.

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The seven winners in the Weekend FT Pink Snow questionnaire are as follows:
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BOOKS

This week sees the publication of three major biographies of controversial men. Our critics report.

The music of innocence violated

Max Loppert admires this thought-provoking biography of Benjamin Britten

BENJAMIN BRITTEN: A BIOGRAPHY
by Humphrey Carpenter
Faber £20, 680 pages

NOT MANY composer biographies generate the amount of advance publicity already notched up by this one. Humphrey Carpenter's *Benjamin Britten* shows every likelihood of becoming that exceeding rarity, the bestseller from the world of "serious" music.

The obvious reason, crudely put, is that it is a beans-spiller and its chosen subject is full of beans. This is the first full-scale Britten biography. More to the point, it is the first to explore realms previously familiar only to various coteries and interest-groups in the music world (and then mainly in the form of rumour and gossip).

What Carpenter has done is to probe, with a well-trained biographer's microscope, into areas previously largely unexamined: the full picture of childhood and youth (always publicly depicted by Britten as idyllically happy); the affairs; the many examples of cruelty to friends and colleagues (often prompted by Peter Pears, lifelong muse and partner, who emerges as a distinctly equivocal figure); the anxieties and morbid sensitivities; the possible biographical parallels for and sources of the artistic obsessions.

If that were *all* he had done, though, his book would rate no higher than, say, Joan Peyser's portraits of Boulez and Bernstein – assiduous in muckraking concerns, of very limited insight into the man-as-great-artist, and therefore unputdownable and distasteful in equal measure. It is by no means all Carpenter has done; and his *Britten* rates infinitely higher. Indeed, it must be judged one of the year's, if not the decade's, most completely engrossing and thought-provoking biographies of any stamp.

As readers of his *Auden* will expect, it is laid out with unfailing lucidity and sense of direction. There is a purpose behind the accumulation of every detail; the author does not indulge in tittle-tattle in the act of asking his thorny questions (many of them, he is at pains to admit, capable of no more than a cautiously hedged answer).

Above all, he never forgets that it is because Britten is one of the geniuses of music – and one who developed and triumphed in an often philistine, hostile environment – that the questions arise in the first place. The difficult, irresolvable and yet crucially illuminating links between the life and the art of such a genius make up the central issue at stake in this biography; and Carpenter confronts it with an impressive combination of frankness, determination and taste.

The thorniest question is the one that has already gained the book most publicity: was Britten raped by a master at school? And, if so, might this "provide explanations for the recurrence in his operas of the subject of innocence violated"? It is raised via Eric Crozier, librettist of *Herring* and *Billy Budd*, who claims that Britten told him as much; and it is supported by the testimony of Beata Sauerlander, member of the family with whom Britten and Pears resided during much of their wartime American sojourn.

Others respond to the matter with extreme scepticism; but the theme it engenders surfaces most fascinatingly in Carpenter's discussions of *Budd* and *Turn of the Screw*, in a way that suggests he himself attaches some credence thereto. Like much else that is essentially speculative in the analysis of Britten's psychological makeup, it is at the very least plausibly argued.

So are the dominance, at once encouraging and suffocating, of Britten *mère* (whose alto singing voice one friend from childhood reckons to have been "fantastically similar" to Pears's tenor) and the shadowy role of Britten *père* (who may have been a homosexual and who "used to send [the young Ben] out to find boys" – this is another piece of fascinating hearsay, offered via Myfanwy Piper, a later Britten librettist).

The early chapters are particularly gripping for the glances they afford behind the facade of Lowestoft bourgeois respectability. In its cosiness but also in its tensions and pretensions the Britten household as portrayed here could have been invented by Betjeman, Rattigan and Orton in collaboration.

Carpenter is also notably vivid on the years of burgeoning creativity, the lessons with Bridge and Ireland, the like-minded young artists among whom Britten began to spread his wings. He keeps in clear focus the tendencies to form *amitiés amoureuses* with boys (early demonstrated, and inevitably dissipated when the boys in question became mature teenagers) and to regress in life – though not in art – to an insulated world of games, nursery food and unruffled domesticity.

In this latter respect, the personalities of Auden and Tippett provide gusts of fresh air each time they enter the picture. Auden counts as the earliest of what came to be known, in Aldeburgh parlance, as Britten's "corpses" – those close associates later cast by him into outer darkness for having committed some offence, frequently slight, for having performed below standard, or simply for having outlived their usefulness.

The numbers of these grew in proportion to the success of the Aldeburgh Festival: the already-mentioned Crozier, Lord Harewood, the conductors Mackerras and Del Mar, the singers Jennifer Vyvyan (an especially grisly case) and Robert Tear, and many others. At a certain point I began to regret a degree of over-documentation: too many corpses' tales, perhaps even too many episodes of young boys fondly fancied, pad out the book's later stages. And while I also appreciated the discussion of each of the major works at the psychologically relevant juncture in the narrative, I came to feel that the method of treatment does not always shed light on the purely instrumental works.

In the end, a still larger doubt about the book needs to be tackled head-on: the danger it raises (in the words of Donald Mitchell, Britten scholar and executor) of fostering an "enormous superstructure of speculation" on the basis of juicy but unprovable biographical assertion, and of promoting the belief that such assertion "provides us with a key to, a readymade *(sic)* 'explanation' of, the music. It doesn't". For myself, I think that in Britten's case it is a danger worth risking – partly because in his own lifetime his public image was too hagiographically presented, more because the music is surely strong enough to permit such an angle of scrutiny, but most of all because Carpenter's justness of viewpoint provides its own system of checks and balances.

Cold steel in a hand of passion

A.C. Grayling reviews the private life of Bertrand Russell

BERTRAND RUSSELL: A LIFE
by Caroline Moorehead
Sinclair-Stevenson £20, 572 pages

IN THE 17 years since Ronald Clark's biography of Bertrand Russell, much new material about Russell has appeared, making a new biography both possible and desirable. Clark wrote largely about the public Russell; for the private man Russell's own story had to be accepted. Now Caroline Moorehead has given us a marvellously revealing new portrait of Russell which takes us deep into his personal life.

Russell was a Victorian aristocratic inhabiting the 20th century. He was the grandson of a Prime Minister, Lord John Russell, and was raised and privately educated in the austere atmosphere of his grandparents' house. In 1890, aged 18, he went to study mathematics and philosophy at Cambridge. There he experienced for the first time the exhilaration of intellectual companionship and personal freedom.

So began an extraordinary career. It lasted until Russell's death in 1970 at the age of 97 and ranged from abstract work in logic and philosophy to CND demonstrations in Trafalgar Square. Russell twice went to prison: in the First World War for his pacifism, and in 1961, aged a sprightly 88, for demonstrating outside the American Embassy in London. He lectured in China and America, wrote many popular books on social, political and educational issues, and because of his views on sex was regarded as an ogre by puritans everywhere. As a result, in 1940 he was banned from lecturing in New York, on the grounds that he was likely to corrupt the morals of the young – exactly the same charge levelled at Socrates.

His greatest intellectual achievements were his work on the foundations of mathematics, and his development of logical techniques in philosophy. Both have contributed hugely to the character of analytic philosophy. But he was equally, if more diffusely, a force in the liberalisation of social morality in Britain and elsewhere. Changes in attitudes since 1945 stem in no inconsiderable part from his unwearying assaults on humbug and moral conservatism.

Starved of affection in youth, Russell married early and unwisely. His first wife was a Quaker older than himself, from whom he soon became estranged. His first genuine experience of love came when he met the flamboyant Lady Ottoline Morrell in 1911. "You have released in me," he told her, "imprisoned voices that sing the beauty of the world." Russell was 40 years old, and the experience changed him fundamentally: thereafter he had relationships with many women, and married three more times. His last and longest marriage, to Edith Finch, was happy; but most of his relationships ended bitterly, and some of Russell's children seem blighted by his overwhelming and sometimes icy effect on their lives. Yet he was also capable of charm and fun, and no-one who met him could disagree with Virginia Woolf's comment, "I should like the run of his headpiece!"

Moorehead recounts all this with great skill and readability. She is a talented biographer, and writes especially well of the people and relationships in Russell's life. The story unfolds with a compelling narrative richness, explaining the historical events which prompted Russell's political work, and making vivid the great throng of supporting actors around him. A life so huge in so many ways is difficult to write, but Moorehead does an admirable job, distilling from a mountain of sources a remarkable and absorbing story. Her portrait of Russell is unflinchingly just; she illuminates both the best and worst of him as a man, never exaggerating or extenuating, and in consequence brings the engaging, sometimes disagreeable, elfin figure – in his own words clutching "cold steel in a hand of passion" – strongly to life.

There are, however, two flaws in Moorehead's book. The more serious is that her understanding of Russell's logical and philosophical work is hopelessly inadequate. If she can get something wrong, she does; the book is dotted with (mercifully brief) examples of the worst sort of scratchy undergraduate essay, cobbled without understanding from cribs. A second edition must put this right; for the time being readers are advised to ignore the philosophical bits entirely.

The second flaw is a characteristic one for Sinclair-Stevenson books: sloppy editing. Russell, Moorehead says, sought to "balance a life of action with one of scholasticism"; she means "scholarship", of which scholasticism is a degraded species. Ludwig Wittgenstein appears disguised as "Ludwig von Wittgenstein". And so on for many similar careless slips which editors - at least in other publishing houses - are paid to help authors avoid.

But these cavils should not be allowed to detract from the praise otherwise due to Moorehead for her achievement. This is a fresh, thorough and perceptive account of an extraordinary life, the best we have on its subject to date. It richly deserves to be read.

Sculptor of scandal

EPSTEIN: ARTIST AGAINST THE ESTABLISHMENT
by Stephen Gardiner
Michael Joseph £20, 532 pages

STEPHEN Gardiner's new biography of Epstein (1880-1959) is a rich and monumental history, compressing into the life of this extraordinary, immensely energetic man a vivid slice of some of this century's most important social and artistic history.

We begin in New York with Epstein's father, a Polish immigrant who changed the family name from Barntovsky to Epstein and made his fortune as a property developer. From sketching the multi-racial characters of the Lower East Side, Epstein moved to Paris, where he befriended Modigliani, Brancusi and Picasso, and learned to sculpt. It was the British Museum's Egyptian collection, which was to inflect Epstein's work with some of its most ethereal images, which finally made him settle in London. Here he made friends, with Augustus John, Matthew Smith and T.E. Hulme, as well as enemies.

Scandal never left him. His first big commission, the Oscar Wilde tomb in the Père Lachaise cemetery in Paris, was covered and put under arrest by the gendarmerie upon its unveiling in 1914. It was Epstein's first encounter with the philistinism which was to plague his career, leading to regular defacings of his sculpture, anti-Semitic attacks in the press, even to his works appearing among the shrunken heads and Siamese twins of a freak show on Blackpool pier.

Professional jealousies were another discomfort, especially from London's artistic old guard. Epstein was good but, with typical chutzpah, knew it.

While still in his early thirties he had finished the Wilde tomb; unveiled, to howls of abuse, his frieze of nude figures on the new BMA building in the Strand (now Zimbabwe House – the figures were destroyed by the Rhodesian High Commission in 1936); and was the most sought after avant-garde sculptor of the day. He was harried mercilessly, not least during the First World War when opposition in the highest circles to his being exempted from the Front as a war artist led to his conscription, his desertion, and a nervous breakdown on Dartmoor.

Gardiner, who knew Epstein in later life, carries on the family feuds with Eric Gill, with Roger Fry and the Bloomsbury Group, who looked down on this working-class American Jew and never gave him a good review, and with Henry Moore who, encouraged by Epstein early on, never returned the compliment and obstructed many posthumous installations of his works.

Epstein single-mindedly followed his artistic destiny while his personal life went mad around him. Margaret Dunlop divorced her husband to care for him. She took in and accepted the human menagerie of models, mistresses and artist friends which enveloped Epstein wherever he went and which scandalised polite society as much as his sculptures. His great passions were first for Meum Lindsell-Stewart, a delicious blonde by whom he had a daughter, and then Kathleen Garman, who remained his constant companion throughout his life. Unlike his other models, his love for Kathleen proved so threatening to his wife, who was slowly dying from heart disease, that she shot her with a pistol, only for them both to make up and continue with their *ménage à trois* for the sake of Epstein's genius. He had four children by Kathleen and one by an unknown woman.

But what of his work? It was a career which took in numerous portraits, religious works such as the Lazarus now in New College Chapel, Oxford, and the Saint Michael and the Devil at Coventry Cathedral, the pagan hymn to life of the Bowater Group in Knightsbridge, the abstract Rock-Drill which inspired the Vorticist movement of Pound and Wyndham Lewis, and many remarkable drawings. Why was it that Epstein's work evoked, and still evokes, such powerful reactions of admiration or disgust? Gardiner is brilliant at communicating the power and message of Epstein's best work, but he unhelpfully passes over the work which fails to succeed. There are also too few photographs to help the reader decide. In other words, this is not the true critical biography it should be, but it is a unputtable-down, absorbing tribute to one of the greatest artists of modern times.

Mark Archer

Infertility taken to extremes

THE CHILDREN OF MEN
by P D James
Faber £14.99, 239 pages

ALTHOUGH P.D. James has her regular police-detective Adam Dalgliesh, she does not flog him to death in book after book. Adam does not appear at all in her latest novel, *The Children of Men*, set in the future. P.D. James has never been content, like many of her colleagues, merely to repeat a well-tried formula in a familiar setting. When he is not on the job solving crimes, her criminal investigator writes poetry. This clearly responds to the two sides of his creator's character – the organisation woman and the creative artist.

While always scrupulous in fulfilling the requirements of the genre – a suspenseful mystery that is cleared up in the last chapter – P.D. James has made several attempts to extend its frontiers. Her models are writers like Poe, G.K. Chesterton, Dorothy L. Sayers and in this latest book the "holy 'tec" writer Charles Williams, rather than Agatha Christie. P.D. James has a taste for the ghoulish, for gallows-humour and macabre liturgical setpieces that Poe would have relished. At times she resembles a nursing sister who allows you your sweetie only when you have swallowed the bitter spoonful of medicine. "The whole earth is our hospital", said T.S. Eliot, "Endowed by a ruined millionaire,/ Wherein, if we do well, we shall/ Die of the absolute paternal care/ That will not leave us, but prevents us everywhere." If not true absolutely, that is certainly a very accurate description of the world of P.D. James.

P.D. James: into the future

Unfortunately her maternal evangelism swamps this story, which is one of her weakest. It is set in the year 2021 but in spite of this can hardly be classified as science fiction. Science in any shape or form is no part of this author's repertory. There is little attempt to make an imaginative leap into what life might be like at that period in terms of scientific advance. Sources of energy remain the same, cars seem to have gone back to the time when they regularly got punctures on bumpy roads, some food is still sold in tins and opened with an old-fashioned tin-opener. All this in a cosily crumbling England represented by the city and county of Oxford where many of the ancient buildings and institutions survive (though someone should have explained to P.D. James that they do not teach undergraduates at All Souls).

It is not any kind of progress we experience in the book but deliberate regress. The country is in a condition of terminal decline. It is run by a single party government whose central committee is obedient to the will of a dictator known as the Warden. He is one of those charming, well-born, extrovert, English public school specimens of leadership, the type much admired by bachelor-novelists of an earlier generation like E.M. Forster and L.P. Hartley, and as in that tradition alternately loved and hated by the narrator. The rivalry of these two men, originating in their childhood, is the only convincing human factor in this novel.

The premise of the plot is that human fertility – the ability of women to bear children – seems completely to have ceased. The last generation of children was born in the year 1995. These Omegas, as they are called, frustrated by their sterility, have become a sinister group within society practising primitive tribal rites and responsible for frequent outbreaks of murderous violence. For the rest what is depicted is a largely geriatric community in which mass suicide is encouraged by the authorities. We watch a ceremony known as the Quietus whereby senior citizens are rowed out to sea in leaky boats and are abandoned as they start to float to their watery graves. Any non-conformity is punished by exile to an off-shore penal colony administered by its own mafia. Shakespeare's other Eden has turned into one big, cruelly run, old people's home.

This state-of-the-nation metaphor is promisingly Orwellian, but it is squandered. A small dissident group of Christian activists, meeting secretly in disused museums and churches, attempts to overthrow the central government. Their efforts read for the most part like a true-blue *Girls' Own* yarn as they steal a car and flee from their pursuers through rural Oxfordshire. The narrator is dragged unwillingly into the conspiracy and falls for the heroine who shares a man's name – Julian – with an English mediaeval woman saint. When this Julian begins to grow round-bellied, her fellow-outcasts are incredulous. Could she be . . ? If so, hers will be the most wanted pregnancy of all time save One. Read on – if you dare. Meanwhile let us pray for the return soon of Dalgliesh.

Anthony Curtis

Putting the Great in Britain

BRITONS: FORGING THE NATION 1707- 1837
by Linda Colley
Yale £19.95, 421 pages

THIS IS a very ambitious book, long awaited by Professor Colley's colleagues, admirers and friends. It is based on a remarkable range of scholarship – not archival, for there are few new manuscript sources used in its making, but her knowledge of printed sources is majestic, especially of articles, seminar papers and Ph.D. theses. However, almost all post-date *1970*; yet the subject of her book – the transformation of England from being a European power of moderate substance to Great Britain, the greatest imperial power in the world – has not been neglected since the days of Macaulay, let alone Lecky and others. But even though Professor Colley's theme is commonplace, her approach is in many ways very original and novel, and more often than not carries conviction.

The book consists of eight major essays – Protestants; Profits; Peripheries; Dominance; Majesty; Womenpower; Manpower and Victories. They are held together by a kind of chronological structure and by the internal logic of their subjects. Each chapter could easily be expanded into a book; for, constrained by space, there are at times there is a sense of elision, of interesting facets remaining unexplored. The overruling impression of the book, however, is one of weight and importance. The subjects of these essays are central to an understanding of the greatest transition in our history.

Professor Colley is right, too, to stress Britain's role as the bastion of a protestantism that was also xenophobic to a degree. The Pope and all his works belonged to a world of ignorance, deceit, cruelty and despotism. She makes great play with Hogarth's print of *The Calais Gate*. Hogarth's violent hatred was a common attitude. Indeed, Roman Catholics were anathema to most English; not surprisingly, the most destructive riots of the 18th century were those against Catholics: the Gordon of 1780.

This loathing, however, had one benign side effect not mentioned by Professor Colley – the Jews escaped the fate they usually suffered elsewhere in Europe, pogroms; they began to be integrated into English society very fast in the last decade of the 18th century. A more serious criticism is the absence of any discussion of the great changes in English protestantism in the 18th century, both intellectual and structural.

"Protestants" is followed by an admirable chapter on "Peripheries" – Scotland mainly, but much wisdom and insight is shown into the career of John Wilkes (although a surprise to find him in this chapter) and she is excellent, too, on the struggle for American Independence (I was delighted to discover that Professor Colley agreed with my view , adumbrated some 20 years ago, that many Americans and Britons viewed the conflict as a civil war at least until the French intervened). Her treatment of the 1760s and 1770s is quite splendid in this and subsequent chapters, although the very slight treatment of Ireland creates an uneasiness. It is not enough to say they never took to "Britishness."

Fully into her stride, Professor Colley covers an increasing range of subjects: sharp vignettes of people and stimulating insights into the complex nature of patriotic belief and its rationale (or lack of it) gather pace, yet the whole is varied in quality – "Womenpower" weak, "Manpower" truly excellent, and so on. It is an amazing panorama, a little chaotic at times, disputable at others, as all bold historical work must be. The general reader cannot fail to enjoy it and the professional historian will be stimulated by it.

It is a book of great merit, yet, good as it is, it seems to me to have two major weaknesses. Economic history, the growth and spread of British wealth, is largely ignored; referred to certainly but never investigated, yet the growing patriotic optimism about, and confidence in, Britain's greatness derives from industrial supremacy as well as military victory. Britain was in the forefront of industrial technology and that counted.

And, secondly, although there is a short paragraph on the subject, the age structure of the British population between 1800 - 1820 merits a more extended treatment. The young men, blazoned with Union Jacks, tattooed on almost every available inch of skin, who create mayhem every weekend in Europe or Britain (or the neo-Nazis viciously attacking refugees in Rostock) are all contained within the age group 17 - 24. At any period patriotism seems to seize that age group like a fever – and that was the overwhelmingly dominant age group in late Georgian England when blatant patriotism was more prevalent than it was to be again for nearly a hundred years. Indeed, the adolescent population may have been a great factor in forging not only the British but also the French nation.

Professor Colley's book will stimulate debate as well as research and it certainly confirms her position as an historian of distinction.

J.H. Plumb

Bank built into a legend

THE BUNDESBANK: THE BANK THAT RULES EUROPE
by David Marsh
Heinemann £18.99, 354 pages

ONE EVENING in the late 1970s, as a guest of the President of the Berlin Landeszentralbank, I sat in on a discussion between him and a very senior trade union official. The argument was whether the money supply target for the ensuing year should be 3.5 per cent or 4 per cent. The trade unionist lost, of course. But what struck me was the seriousness of his belief that the argument mattered: that a half per cent more or less on the target would affect the wage settlements he would be able to achieve.

One of the many merits of David Marsh's excellent (and wonderfully timely) book is that it spells out clearly and convincingly the point implicit in *that* evening in Berlin: though statutorily independent, the Bundesbank rules by consent. It is as much an emanation of German attitudes as a controller of them.

History and a determination not to repeat it have been fundamental. Warned by the past and deeply conscious of its responsibilities, the Bundesbank has built itself into legend. Dedication and professionalism have played a large part in this. The *consistent* application of rigid dogma has not. In the Bretton Woods years the Bundesbank fiercely resisted a revaluation of the deutschmark despite the inflationary consequences of maintaining the parity. In the 1970s came an intellectual conversion and the preference for an upward floating mark, a preference partly modified by the experience of the ERM.

Money supply *targets* have been important policy tools since 1974. But they are often over-shot and often over-ridden. Karl Otto Pohl, president of the Bundesbank from 1980 to 1991, once said a central bank only *takes* its money supply targets seriously when seeking excuses for a decision to put up interest rates. He is known for flippancy, but here is current president Helmut Schlesinger, the who is not: "Pragmatic monetarism as accepted in the Federal Republic must not be confused with adherence to scholarly doctrine."

Even the Bundesbank's stated target for its fundamental objective – a long term inflation rate of around 2 per cent – is refreshingly practical and un-messianic.

The Bundesbank has indeed often been surprised by the extremism and dogma of British policy, especially on the exchange rate. Both in 1980 and again on the UK's entry to the ERM, it regarded sterling as seriously over-valued.

The FT Review of Business Books appears on Tuesday

The Bundesbank has made itself greater not only than any particular one of its policies but also than any of the individuals within it. The institution moulds its leaders, whatever their past. It is nice to learn *that* within the Bank they describe as the "Becket effect" the process whereby the loyalties of the friends of politicians appointed to the Council are unreservedly transferred to the Bundesbank.

But the Bank is not homogenous. Dr Schlesinger – serious, didactic, formal – contrasts sharply with his predecessor Pohl – informal, urbane, amusing and fond of parading a semi-feigned idleness. Many of the Land Presidents are card-carrying politicians from *different* parties. All are strong and opinionated.

This can lead to fierce arguments which the President, with only one vote, may find hard to resolve in the direction he wants. And as usual when collective responsibility enforces a decision against the *wishes of a minority, there* is a tendency to use the safety-valve of individual public utterance.

Marsh is concerned that since the Bundesbank's power rests so heavily on its reputation, the *consequences* of a blow to that reputation could be disproportionately severe. He sees *particular dangers* in German and European monetary union.

On German monetary unification, the Bundesbank was not listened to, was proved right and is now blamed. Kohl seized his political opportunity like a statesman but undermined his own triumph by major economic miscalculations. Since 1990 it has been the Government's fiscal policy which has led to the Bundesbank's interest rate policy.

On plans for European union, the Bundesbank was slow to realise that an important reason for EMU is to reduce, not strengthen, the power of the Bundesbank. Now that the Germans are fully alerted, Marsh believes that EMU is unlikely over the next decade. But he is concerned that geopolitical pressures on the Bundesbank will grow (we saw some last week) and prove *hard to handle without damage* to its standing. That would be a loss for Europe as well as Germany.

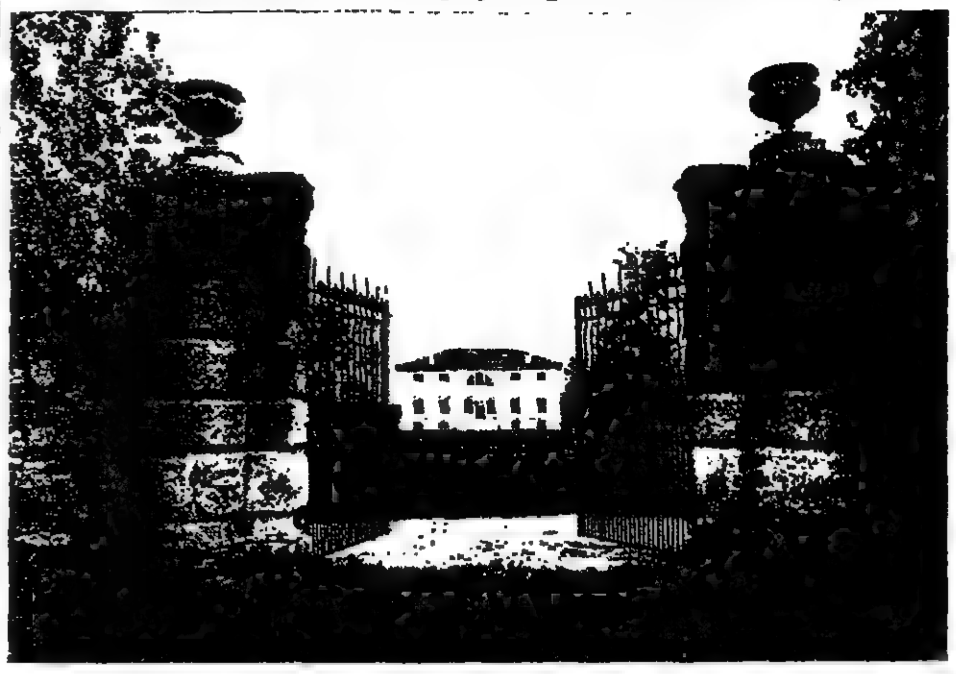
This book deserves a wide readership, both among those who see the Bundesbank as a dragon which has just brought down St George; and among those who, as other nostrums *fail*, reach *for* an independent central bank to perform the elusive economic miracle. It would indeed *be better if the* Bank of England were independent of the Treasury, but hopes not informed by a full understanding of the historical, political and institutional context will again end in tears.

Kit McMahon

Music in Italy

A candle-lit gala and student workshop

*Palladio provides the venue for **Paul Driver** while in Ischia **David Murray** enjoys opera and exotic plants*



An early Palladian villa built for the Pisani family, one of of the 'lost palaces of Europe'

IN THE Buganean Hills lies the little town of Bagnolo di Lonigo, and hard by, but not so very easy for even a seasoned coach-driver to find, one of Andrea Palladio's earliest villas, built between 1542 and 1544 for the most powerful family on the Veneto mainland, the Pisanis. It is not to be confused with the celebrated, sublimely pala*tial Pisani residence on the* Brenta Canal at Stra. The Lonigo property is by comparison a bluffly domestic proposition, a cubical construction with rusticated triple arch entrance. The River Gua, hedged off, flows past the doorstep.

Alone of Palladian villas, this one has remained with the family for which it was designed, but until recently has been mouldering in disuse. *Now the present* owner, Marchesa Lepri, has seen to an accurate restoration of the building and the 16th century frescoes (by an unknown artist) which adorn its fine central *sala*. The Queen Mother paid a visit there a couple of years ago, and the public has at last been let in, albeit paying some £200 for the privilege.

The occasion was a gala concert given in aid of the United Nations' "Decade of the Disabled", the second (sponsored by Tamoil) in a series of annual events under the artis*tic direction of the violinist* Andrea Cappelletti and named "The Lost Palaces of Europe" in reference to the public inaccessibility of its chosen venues. The villa proved difficult of access in the purely physical sense – no outing, this, for the disabled – but if it could not quite count as a palace, it certainly offered an image of magical resplendency, candle-lit as it was in the balmy twilight at *the head of a great sweep of* candle-lit lawn. From the point on the lawn at which we had scramblingly entered, the refurbished, illuminated frescoes were already – and breathtakingly – visible through the semi-circular "thermal" window of the *sala*.

That room proved to be of more than domestic size and consequence – an interestingly cruciform and barrel vaulted structure, whose frescoes seen close-to were charming but no more, and whose acoustics were awkwardly reverberant. The concert suffered also from poor lighting, except when made periodically over-bright by the television crews. But the audience was *there as much for the sense of* place and the anticipation of a handsome candle-lit supper as for the concert itself, which, by a familiar law of the gala event, became something that might almost have been left out.

Nevertheless, it made its *plea. The young* players, *notable* for eager sonorous freshness rather than finesse, of Interpreti Veneziani and their conductor Paolo Cognolato gave us a brashly arresting Rossini overture – *Il Signor Bruschino* – and accompanied Signor Cappelletti in Mozart's A major concerto, K. 219. He produced a lustrous stream of sound from his 1727 Stradivarius, the instrument's historical interest and great price nicely fitting in with the tone of the evening. Finally came Domenico Cimarosa's *Il Maestro di Cappella* (1791), a little one-act lampoon of the conductor's role, and effectively the first-*ever young person's guide to* the orchestra. Baritone Maurizio Muraro, costumed in brocade, goaded and cajoled his unruly musicians and skilfully entertained us. Then followed a couple of not too long speeches – and a shimmering supper.

MORTELLA means "myrtle", which as a name for the late Sir *William Walton's garden-estate* on Ischia is a kind of joke. There *is* myrtle, along with other Mediterranean natives – citrus trees heavy with fruit, waves of bougainvillaea, a secret alley of camellias; but also hibiscus and cactus and strange Antipodean shrubs, banana-trees and luxuriant palms, eerily cylindrical trees with bark that feels like living hide. Where paths cross there are fountains, and down a main artery trickles a slender watercourse, Alhambra-style.

Amid the heady scents of *this densely exotic mondello*, one might expect tropical birds too. Instead there are the distant cries of sopranos in rehearsal – at least in September, when the Fondazione Walton funds an intensive master-course for chosen young singers. Lady Walton is no less intent on making La Mortella a nest for musical development than upon cultivating her marvellous garden, onward and *(especially) upward*.

It burgeons from a long chasm in the lava-based ground, rife with horticultural vitamins. In horizontal terms the acreage is not enormous, but obliquely it stretches up and up. The Walton house is built into the cliff, like the more recent Walton museum *cum* recital-room and the Tea-House; thence paths ascend toward Sir William's memorial rock, a serene "Crocodile Pool" and a topmost pond inhabited by a single, gigantically swollen lotus plant.

For students and lucky guests there is also a swimming-pool with a matchless view from a great height – echoing the crater-lake atop *the extinct volcano in the middle* distance. The hard-working students need it, for their course is strenuous. Last year it was devoted to *Lieder*, especially Hugo Wolf's *Italian Songbook*. This year the group was chosen through auditions in Florence and London to make up a cast of six for Cimarosa's *Il matrimonio segreto*.

They were outnumbered by their teachers, led by the producer Colin Graham and Glyndebourne's distinguished Head of Music Staff, Martin Isepp. While they were coached *rigorously in Italian diction as* well as singing, rehearsals for the Cimarosa proceeded. I watched Graham getting them to extract the maximum dramatic sense from the recitatives, instead of gabbling through them. It wasn't exactly a process of discovery, for he told them repeatedly what their characters were feeling; but it was an object lesson in faithful, practical *attention to the text*.

Earlier there was a concert in the gardens which let the young singers show their paces. *It* included a performance of Walton's *Façade*, brightly conducted by Susanna Pescetti, and declaimed with the utmost verve and clarity by Lady Walton herself with Graham.

The promising Rossini bass on the course, Antonio Abete, had to sing in a *Parma* competition that night; but the singers' complement was made up by a remarkable new contralto, *Anna Maria di Micco. Her* confident, impassioned delivery of a *Tancredi* aria foretold a brilliant Rossinian future for her. In Donizetti and two of Roger Steptoe's "Chinese Lyrics", the soprano Anna Maria Panzarella sang with as much skill and charm as in the Royal College's *Fille du Régiment* this summer.

Also from the RCM, the mezzo Susan Legg was staunch *and affecting in Walton and* Jonathan Harvey. The Guildhall's Simon Thorpe, whose English "Count" in the Cimarosa was developing nicely, shone in Vaughan Williams (less in Wagner); Maurizio Dalena, from Bari, displayed a stylish tenor that wants more variety of colour yet. Maria Angela Spotorno wields not only a well-formed soprano, but the knowing allure of a much more experienced performer; we shall see much more of her.

As summer schools go, the one at La Mortella is *sui generis*, not least because of its extraordinary setting. The gardens are open to the public several times a week (ring *Ischia 081-986230). Meanwhile,* La Mortella's *Matrimonio segreto* will have a British performance on October 14, in Lady Aberdeen's Haddo Hall.

Fiction

Dips into history

THE VOLCANO LOVER
by Susan Sontag
Jonathan Cape £14.99, 419 pages

FATHERS AND CROWS
by William T. Vollmann
Andre Deutsch £17.99, 990 pages

THE PROMISE OF LIGHT
by Paul Watkins
Faber £14.99, 218 pages

IN A time when so many novelists are raiding the history books for subject matter, you would have hoped that at least Susan Sontag, a writer unsurpassed at tackling the major cultural questions of our time, would *use a foray into fiction* to take an incisive look at the way we live now. No such luck. Her third novel, *The Volcano Lover*, is a rich, intelligent, historical romance that turns out to be little more than a prolonged meditation on dormant themes.

The novel, set in the late 18th and early 19th centuries, tells the story of Sir William Hamilton, his wife Emma and her lover Lord Nelson. Sir William is the effete English ambassador to Naples whose main interests lie in collecting art and studying Mount Vesuvius, active during his tenure in Italy. After the death of his first wife he marries Emma Hart, a beautiful yet coarse woman who in turn falls in love with Nelson, fresh from his victories over Napoleon on the Nile.

I read the book in the hope that at some point it would erupt into significance, that it would shed the quaint fabric of historical romance to assume a *more timely garb. But Sontag* plays it pretty straight throughout, using her skill to examine the political turmoil, aesthetic obsessions and emotional dilemmas facing her largely frivolous characters.

It is a lively and erudite read, though nothing distinguishes it from the glut of other recent novels that seem to grow more out of assiduous research than any attempt to unravel the tangled *knot of our* times.

Another writer who has *made good* use of his library card is William T. Vollmann. At 32, Vollmann stands as a living reproach to slothful young writers everywhere, having already published something like 5,000 pages of fiction. *Fathers and Crows* is the second in his seven-volume fictional history of North *America. It deals with the* French Jesuits' conquest of Canada and its indigenous population in the 17th century, giving us tales of a continent's worth of priests, explorers and native people, most interestingly one Catherine Tekakwitha, an Algonquin convert beatified by John Paul II in 1980.

There is no doubting that Vollmann has a brain the size of Saskatchewan, and that he is not afraid to have fun with history. He also possesses a narrative skill that *surfaces on occasion amid the welter of* detail. But, in the end, the book proves too dense a forest for the casual walker to find his way through. The central narrative is complicated by numerous geographical and temporal digressions, as well as enough personal and place names *to fill* a phone book and an atlas. Strictly for the reader with a specialist interest in the history of Canada, or those possessing a Jesuitical temperament.

Another chasteningly productive young writer is 28-year-old Paul Watkins. His fourth novel, *The Promise of Light*, is, like his earlier work, a coming-of-age story cloaked in the guise of an adventure yarn. *Set in 1921, it follows* young Ben Sheridan as he travels from his native Rhode Island to Ireland after learning that the couple who raised him were not his real parents. As he searches for his true identity he soon finds himself enmeshed in the horrors of the Civil War, eventually forced to fight with the IRA against the Black and Tans. As in all Watkins's work, the hero is forced to undergo a bloody rite of passage before his true nature can be revealed.

Watkins's writing is as terse *and lively as ever, employing* a precision that is often cinematic, particularly in the combat scenes. Unfortunately, the story itself is somewhat predictable and superficial, draining the taut prose of much of its narrative drive. One gets the feeling both Ben's and Ireland's searches for selfhood are little more than pegs upon which the author hangs daring midnight raids and heroic *slogs across the bogs.* And the ending is informed more by the ethos of the B-Movie than serious fiction. Watkins is a talented writer who should perhaps think of *changing to* a less frenetic gear.

Paul Watkins: Ireland c.1921

Stephen Amidon

Characters' search for the meaning of life

THE HEATHER BLAZING
by Colm Toíbín
Picador £14.99, 245 pages

THE END OF THE CENTURY AT THE END OF THE WORLD
by C K Stead
Harvill £14.99, 220 pages

ENNISCORTHY is a small, unassuming town in south-east Ireland, inland from the relative metropolis of Wexford. In Colm Toíbín's fictional universe, however, it sits at *the very centre of things. In* his first novel, *The South*, it exerted the main gravitational pull; now it is the hometown and point of moral reference for the main character of *The Heather Blazing* – Eamon Redmond, respected judge in the Irish High Court, devoted husband and perplexed father.

Redmond struggles to disentangle his past from his present. He is a pillar of the legal *establishment, buoyed up* by his respect for the law and the Irish constitution; every summer he leaves Dublin to return to his roots and increasingly to worry away at the events that have shaped him. These twin narratives unfold in parallel. The death of Redmond's mother when he was a child, the painful final illnesses of his father and uncle, his own climb up the legal ladder, his marriage, are all counterpointed with the realisations and reconciliations forced upon him in old age, as he comes to terms with his daughter when she becomes an unmarried mother and as he faces up to his life after his wife's death.

Toíbín writes with marvellous, cool precision. The quiet desperation of his characters and the exactness with which he describes their most mundane activities recalls John McGahern's equally laconic prose. Redmond's survey of his life is etched against minute *descriptions of place; the sea* gnaws constantly at the Wexford coastline, and the houses and farms that framed Redmond's childhood slip remorselessly *down the cliffs.* The pulling together of the threads, the naturalness with which the judge is finally allowed to make his peace with the world, are achieved with an eloquence that takes one by surprise with its intensity. In its understated way, Toíbín's art as a novelist is both supremely confident and hugely accomplished.

C.K.Stead's multi-layered story is a similar interweaving of private and public, but set against the background of New Zealand politics over the last quarter century. Its leading players, former lovers and alternate narrators, are Dan Cooper and Laura Barber, he a former radical and now a Labour minister, she a former tennis champion and now a mature student working on a monograph on the shadowy life of a local novelist. They set out on adulthood at the height of 1960s optimism, and now suffer *the disillusions of 1990s middle* age, watching marriages founder and friends slip away.

Stead's burrowings into the minds of his characters and the neat switches of perspective, from one narrator to another and from one version of past events to its polar opposite, are the book's strengths; its evocations of the 1960s, studiedly ironic, are the weakness. At times it seems to be *conceived as an intricate game;* distinctions between fact and fantasy, between the novel itself and the novel Laura begins to write, are self-consciously blurred. Somehow, though, an awful lot rings true.

Andrew Clements

FT Childrens' Book of the Month/**Michael Glover**

Modernity hits treasure island

THE INVADERS
by John Rowe Townsend
Oxford £8.95, 221 pages

THE ISLANDERS
by John Rowe Townsend
Oxford £8.95, 190 pages

"I've always loved boats and islands. Any boat trip to an *island is an adventure.* Every island is magical in its way – some, of course, more magical than others. And an island is a lovely setting for a story: you can concentrate so much action, so much emotion, in a small space."

The veteran children's novelist John Rowe Townsend *is of* course claiming imaginative kinship with Robert Louis Stevenson, Jonathan Swift, Daniel Defoe and other authors of island stories. Townsend's particular island is an imaginary one, but its geographical *location and its physical features* – bleak, treeless, volcanic – help us to locate it somewhere in the south Atlantic, somewhere, in fact, like Tristan da Cunha.

His first attempt to present the island's history came with *The Islanders*, first published in 1981 and reissued as a companion volume this month. That book described the life of a small, hard-bitten community that followed its own peculiar customs and traditions, one of which was never to help a stranger. It ended with the islanders being *obliged to reject this age-old* tradition, – and thus learning new truths about themselves.

Now John Rowe Townsend has returned to that same pitiless spot in a sequel entitled *The Invaders*, and the task he has now set himself is to describe what would happen if that same small community, generations on, were to find itself face to face with some of the problems and challenges of life in the 20th century.

It begins once again with the arrival of a stranger from the Mother Colony, an orphaned boy *who claims kinship with* one of the island's families. The boy's grandfather had described the place to him as a *paradise of sorts,* but Cyril finds it a windswept, desolate spot and the inhabitants with whom he claims kinship unwelcoming. He is obliged to share his first night's sleeping *accommodation with a goat,* and to eat fish and potatoes, the islanders' staple diet, day after wearisome day.

But soon all begins to change – and at a fearful pace. The boy introduces the islanders to some of the marvels of the present age – including the wireless set that he has brought with him. And it is thanks to this wireless that the islanders learn that their time-*honoured way of life is soon to* be destroyed forever by invading forces from the nearby Republic of Santa Cruz.

At this point parallels with the Falklands conflict begin to come at us thick and fast; the dictator of Santa Cruz, Gomez, lays claim to the island and threatens occupation, a bravura gesture that is intended as much to impress his enemies at home. The Mother Country sends a garrison, led by the vociferous Brigadier Culpepper whose head is stuffed with the manners and vocabulary of the Great War.

But the colonial regime is short-lived. The Mother Country's garrison withdraws, and the island is soon occupied by a contingent from Santa Cruz. The island is renamed Gomez, and the Mother Country, sur*prisingly, seems quite indifferent* to its fate. And throughout all these fearful, tension-racked months modernity continues to creep up on the inhabitants: the young people learn rebellion; the old discover what it is to deal with benign enemies and seeming friends. In short, they *learn lessons in politics* and duplicity. The climax comes with the hair's breadth escape of the Brigadier, his daughter and the remaining islanders as the island's volcano, long dormant, erupts into destructive life.

ARTS

Farewell to David Mellor

WHY ARE so many crocodile tears being shed over the departure of David Mellor, the erstwhile minister for the national heritage? While no one can defend the way in which he has apparently been hounded from office by gossip in the tabloid press, it is equally hard to find support for all the sudden praise that has appeared about his brief sojourn as a cabinet minister.

Mellor knew before the election that he was going to be offered one of the most interesting new ministries in the Major government. On a plate he was given the chance to redefine government attitudes to the arts and heritage. At the most fundamental level, because of his previous experience as chief secretary at the Treasury, he knew how the rules were applied when it came to public spending. He could have achieved the impossible and changed the way the Treasury funded the arts. There is no evidence that he was beginning to do this.

At a meeting of a prominent arts organisation which was in progress when Mellor's resignation was announced, a loud cheer went up. Why? Because they had suffered for too long from a minister who had completely failed to impress on any level as an arts and heritage minister. He appeared to many to be a man who relied on a unique combination of arrogance and ignorance.

Since the election he had failed to weld together his civil servants into a coherent department. He even failed to make a decision about where his ministry should be located. It was always difficult to get clear answers from his office and he had a reputation for nearly always being late or failing to arrive at meetings.

His office has no records of his speeches – they were, we were told, delivered off the cuff. Certainly the major speech he made at the Royal Academy Dinner this year was one of the worst speeches that I have ever heard about the visual arts. It was worse than bad because in tone and content it showed contempt for the audience of distinguished artists and curators.

So what did David Mellor achieve as a minister? The answer is nothing. He was offered remarkable opportunities. Take the European Arts Festival, which had full Government backing: could anyone say that it had any serious impact? Mellor had every card in his hand but his activities remained partial and compromised. It is hard to find convincing evidence that he established his new ministry on the cultural map in any objective way. His successor will have to start from scratch and remove the unpleasant stain of self-absorption and arrogance that lingers over his empty office.

Colin Amery

Inside Buddhism

Patricia Morison finds out about sacred Tibetan art

MEET YAMA, Lord of Death, who is a blue, buffalo-headed monster. He prances on the back of Ignorance, symbolised by a bull raping a dying man. Meet Diamond Sow, a lady naked except for festoons of jewels and skulls. She is first seen dancing with the pig's head of Delusion projecting from her cranium. Later we find her clinched in *yab-yum* (ecstatic Mother-Father sexual embrace) with her three-eyed consort, Rakta Yamari. Yab-yumming close by with the Conqueror of the Lord of Death is Diamond Zomby.

That is a pretty crude introduction to the divine beings represented in a mere half-dozen of the 160 paintings and sculptures displayed in *Wisdom and Compassion: The Sacred Art of Tibet* at the Royal Academy. Small wonder that the Europeans who first came across such images concluded that Tibetans were devil-worshippers.

Small wonder, moreover, if Western, non-Buddhist visitors to this exhibition succumb to feelings of bewilderment and intimidation long before getting to grips with the myriad lamas, arhats, sky-walkers, Eight-Armed Wrathful Green Tara, and tongue-twisting (ours, in this case) Ushnishasitatapattra. Not that being able to spot who's who in these works of art really hits the mark either. To take things more seriously means entering into the states of mind which Tibetan artists meant their creations to instill.

Wisdom and Compassion is more than the most comprehensive exhibition of Tibetan art ever seen in the West. It is laid out as a guide to the history and tenets of Tibetan Buddhism, the faith which for almost 1400 years has animated an extraordinary and now threatened culture. From first to last the emphasis is on the *sacred* import of that art, not whether we westerners find the images aesthetically appealing.

Judged, then, from a purely pragmatic viewpoint, *Wisdom and Compassion* offers any person ordinarily curious about the world a quick and relatively painless introduction to one of the world's four great religions. But even so, this is that risky enterprise – an art-show which demands effort from its visitors.

At which point I will come clean. From my first visit I emerged with feelings of bewilderment verging on panic. What was I going to say to the *FT*'s readers? Of course, one can always talk in general terms about the show, about the fact that it is huge affair with loans from private and public collections all over Europe, the US, and Russia.

Then again, there are the interesting political undertones, even a Hollywood touch. The exhibition was originated in the US by groups lobbying for Tibet, most notably the actor Richard Gere, a practising Buddhist and founder of Tibet House in New York. At the British Museum in 1985, London's last big show devoted to expounding Buddhism, Tibet's fate was euphemistically summarised as "now secularised . . . an autonomous Region of the People's Republic of China".

Seven years on and post-Tiananmen Square, *Wisdom and Compassion* adopts a sharper tone. The excellent film made by a Tibetan states baldly enough the facts of China's invasion of Tibet in 1949. Switch on your Acoustiguide Walkman, and you will hear at the close of the commentary a tribute to the faith which sustains Tibetans under persecution, and of their longing for freedom and the return of the Dalai Lama to Lhasa.

I must admit that it was the Acoustiguide which made the difference to my understanding, and hence enjoyment of, this exceptional show. How helpful, for example, to be told that one scholar has compared the many different paths, sects, and orders of Buddhism with airlines using different routes to reach the same destinations. This is not to slight the heavy (in both senses) catalogue, but at £20 it represents pricey enlightenment.

In a large sculpture Vajrapani looks ferocious, but one point made early on, and repeated, is that in fact he is not, any more than say, an image of St Michael spearing a dragon. Vajrapani too is a guardian figure, his dynamic power a reassurance to believers that he will protect them against perils. And that, surely, is the kind of simple point which starts subtly to alter our perception of initially disturbing or revolting images.

On one 17th-century *tangka* (or wall-hanging, designed to be rolled up) we see Peden Lama, who is the same as the terrifying Shri Devi, the black goddess of India who is also a Special Protector of Lhasa. Her mule has a saddlecloth make of her own son's skin. It is worth remembering that Christian iconography has its horrible images too, like St Bartholomew holding up his flayed skin.

Mandalas present visually the least interesting, least penetrable aspect of the show. In a room painted the most intense deep blue three monks from the Namygal Monastic University at Dharamsala are creating a sand mandala.

Wordlessly they rasp their metal horns, the grains of coloured sand trickle into a fantastically complex pattern which each holds in his mind. Another monk stands close by, beside a fantastic wall-hanging like the most sumptuous tie-rack you have ever seen. He is there to answer your questions.

This exhibition, too, exists to answer questions. It is a noble enterprise, and takes its part in the long history of western and eastern scholars struggling to interpret Buddhism in such a way that occidentals will understand.

But I promise you, with only a modicum of effort it is possible to take pleasure and amusement from the tales of Milarepa and his fellow saints, and then come at the end to delight in painted visions of saints in bliss in the Pure Land of the celestial Shambhala – better known to the bungalow dwellers of the English south coast as Shangrila.

Sponsored by Silhouette Eyewear, Vistech Int. Ltd. & Redab (UK) Ltd. in association with The Times.

'Yab-yum' on a 15th century painted wall hanging at the Royal Academy

Radio After Columbus

COLUMBUS's Atlantic crossing is being treated politically, romantically and imaginatively, but nowhere quite so inimically as in the World Service's six-week series, *The Invaders' Legacy*. Presenters Ruth Hogarth and Phil Gunson have visited six South American nations, and hated all of them.

This week they told about the Cerro Rico, the "rich hill", at Potosi in Bolivia. It is said you could build a bridge from Potosi to Spain with the silver mined from Cerro Rico. It is also said you could build the bridge with the bones of the peasants that died there, and indeed they still work a week of six 12-hour days. Modern open-cast techniques could improve things, but they are excluded, for the hill shelters Potosi from the cold North winds. The Bolivian government says that colonialism is ended, but legislation favours the middle-classes, never the peasants. Tomorrow's programme deals with Colombia, a nation of drug-dealers, left-wing guerrillas and opposing paramilitaries. The President's new constitution aims at halting the violence, even at helping the peasants, of whom 25 per cent live below the poverty line.

Half-hour visits to troubled nations can be interesting even if inadequate. We have had the Dominican Republic, Guatemala and Mexico, and next week will end with Peru. At least it was Pizarro, not Columbus, that overthrew Atahualpa and the Incas. The *Radio Times* will help you find the World Service in the current issue, a service it offers only once a month.

A happier anniversary is Alfred Tennyson's, who died in 1892, and is generously remembered by Radio 3. On Monday there was a recorded introductory talk by the late Sir John Betjeman, and some splendid readings. Dame Peggy Ashcroft gave us the whole of *The Lady of Shalott*, and *In Memoriam* was shared between C. Day Lewis, Robert Donat and Sir John Gielgud. It is the fashion in some quarters to belittle Tennyson; but spoken so beautifully, many lines displayed a golden touch.

Radio 3's Sunday Play was Eduardo da Filippo's *Napoli Milionaria*, a sentimental look at wartime Naples, revised into Northern English by Peter Tinniswood for the RNT. Richard Eyre's stage production was directed for the radio by Jeremy Howe. Sir Ian McKellen was the contented Gennaro, who mid-war left his family for a while and returned to find his elder daughter pregnant by an American, his younger daughter fatally ill, his son a thief, his wife unfaithful. He did well under his disguise, Francis Barber too as his wife Amalia. The radio script by Chris Barton was long and repetitious.

The most enjoyable item this week was an interval talk in last Saturday's Radio 3 relay of Verdi's *Force of Destiny*. It was about *St. Petersburg and Italy*, and its special charm came not only from the close knowledge of the city's growth under the Tsars, but to the outstandingly pleasant delivery of the presenter, Svetlana Lloyd – a former Dior model born in Kiev, brought up in St. Petersburg, and now possessor of the perfect English broadcasting voice.

The talk glittered with the names of Italian architects, sculptors, ballerinas and so on, But Svetlana Lloyd may talk on any subject she chooses, and I shall try to listen.

B.A. Young

Swan Lake or Swan Fake...

Clement Crisp reviews the latest staging of this perennial favourite

THERE is always *Swan Lake*. There is, I often think, only *Swan Lake*. "Give them anything", says the box office, "but call it *Swan Lake*". So, of course, as the resoundingly titled National Ballet of St. Petersburg embarks upon a regional tour – in a first visit to Britain – its calling card is the inevitable outbreak of feathered mopery.

I don't know what audiences expect from a company presenting one-night stands of this celebrated trap for the unwary, but the troupe comes from Russia, there is Tchaikovsky emerging from the pit and girls in white tutus on stage exemplifying the hoariest of dance clichés, so probably all's for the best in the best of balletic worlds.

The idea of *Swan Lake* as the *summum bonum* of dance-going is promoted by far too many companies. The Royal Ballet will open its autumn season with swans; English National Ballet announces a new staging next year; Northern Ballet Theatre will show an idiosyncratic version in a forthcoming visit to London. The result has been, unsurprisingly, to debase and denature a prime example of Imperial Russian ballet-theatre.

Swan Lake was, and remains, a grand spectacular, demanding massive opera house forces and the most refined and noble dance-style to sustain it, with, at its heart, a true ballerina – no-one else will do. The debilitating nonsense propounded by many ensembles under this title is an affront to the work itself, and to the ideals of classic ballet which it enshrines. *Swan Lake* becomes *Swan Fake*.

What then of the National Ballet of St. Petersburg, and it offering? The company was formed in 1947 as the Leningrad Ballet, and embarked upon a touring existence in the Soviet Union. The dancers are identified in the programme as being graduates of the Vaganova Academy. The production, by Viktor Korolkov, director of the troupe, contains elements from the Mariinsky original, with the usual massive emendations (including that bloody Jester) owed to Gorsky's Moscow stagings, and the statutory Soviet happy ending.

It is ballet on short commons, efficient in view of the restricted numbers of the ensemble, and hideous to look at. Contemporary Russian design for dance has an affection for lurid colours, skimpy fabrics, and far, far too much metallic thread: when, in the new Russia, they get around to drag-queens, this is what they will wear. Oleg Averzhanov's decorations are lamentable in their flimsiness and rampant improbability. The staging offers little resistance to this visual inadequacy.

No less dispiriting the music for the evening. The score is performed by the State Radio Symphony orchestra from St. Petersburg – some 30 musicians who are amplified so that chamber texture becomes louder without gaining body. Stanislas Gorkovenko elicited a loving account of the overture, but thereafter, the need to whip up a musical storm meant that sensitivity was at a premium.

The ensemble of swans at the Bristol Hippodrome on Tuesday, when I saw the staging, were well-drilled, and this may count as the chief virtue of an evening that otherwise looked artistically impoverished, and would have seemed more so were it not for the presence of artists from the Kirov and Bolshoy troupes as guest principals. The central role was split between Nadezhda Pavlova, as Odette, and Lubov Kunakova as Odile, with Alexander Bogatyrov their Siegfried. Pavlova gave a more touching interpretation – pure, eloquent line; silken phrasing – than I have ever known from her before. Kunakova came on stage in the third act as a firework display of bravura steps – and these were the best Kirov pyrotechnics. Bogatyrov, with little apparent physical power left, remains a wonderfully believable hero, noble in bearing, sensitive, and amid the optimistic brouhaha of the court scenes, seeming a prince indeed.

It is extraordinary, and illuminating, to watch artists of the calibre of Pavlova, Kunakova, Bogatyrov, in these reduced circumstances. They do not know how *not* to perform *Swan Lake*. The music sounds, and their bodies and temperaments respond with actions that compel belief in the idea of a great and beautiful ballet having this title. The dance is clear; the drama touches us; classic ballet lives. And so, with them, does *Swan Lake*.

Swan Lake will tour Britain until October 10. The visit is sponsored by KLM Royal Dutch Airlines.

Chess No 942: 1 Rf6 (threat 2 Nf3+ g1Q 3 Rxg1). If h2 2 Re6 hxg1Q 3 Rh6. If Kh2 2 Rf3 Kh1 3 Rxh3.

TELEVISION

SATURDAY

BBC1

7.25 News. 7.30 Quick Draw McGraw. 7.35 Spider. 7.40 Animal World. 7.50 Litl' Bits. 8.15 Chucklevision. 8.35 Bucky O'Hare. 9.00 Going Live.

12.12 Weather.
12.15 Grandstand. Introduced by Steve Rider. Including 12.20 Football: Ray Stubbs and Gary Lineker review the week's action. 1.00 News. 1.05 Athletics: The IAAF World Cup from Havana, Cuba. 1.25 Racing from Ascot: The 1.30 Festival Handicap Stakes. 1.35 Athletics. 1.55 Racing: The 2.05 Royal Lodge Stakes, and the 2.50 Queen Elizabeth II Stakes. 3.00 Golf: Third round of the Women's British Open from Woburn. Last year's champion Penny Grice-Whittaker defends her title. 3.20 Racing: The 3.25 Fillies Mile Stakes. 3.35 Golf. 3.55 Racing: The 4.00 Krug Trophy (H'Cap). 4.05 Golf. 4.40 Final Score. Times may vary.
5.05 News.
5.15 Regional News and Sport.
5.20 Dad's Army.
5.50 Big Break.
6.20 Bobby Davro: Public Enemy No 1.
7.00 Bruce Forsyth's Generation Game.
8.00 Casualty. An under-age girl is admitted to Holby General after attempting to terminate her own pregnancy and a crossbow attack causes the casualty staff to turn detective. Charlie recognises Dr Robert Khaleia's performance leaves a lot to be desired. Starring Derek Thompson.
8.50 News and Sport; Weather.
9.10 Film: Bull Durham. Kevin Costner and Susan Sarandon head the cast in the comedy premiere set in the world of major league baseball. (1988).
10.55 Match of the Day. Highlights of two of the day's top FA Premier League fixtures.
11.55 World Cup Athletics. Helen Rollason and David Moorcroft introduce day two of the action from Havana, Cuba. Events include the 1,500m, with Matthew Yates aiming to make-up for a disappointing Olympic Games, and the men's 4x100m relay.
12.40 Diane Schuur and the Count Basie Orchestra. An evening of high-class jazz singing, recorded at the Montreal International Jazz Festival in Canada. Features blind soul singer Diane Schuur.
1.40 Weather.
1.45 Close.

BBC2

6.40 Open University.

3.00 Film: Alexander the Great. Epic drama, charting the life and death of the Macedonian warrior who conquered the world. Starring Richard Burton and Claire Bloom (1956).
5.10 Ocean Challenge. First of five documentaries to be shown over the next eight months following 120 amateur yachtsmen who set sail today for a 28,000-mile race round the world.
6.00 Late Again.
6.45 News and Sport; Weather.
7.00 The Cosmic Joke. In the second of two parts, writer and scientist Dr June Goodfield visits the Moroccan desert, where the government has introduced family planning as a health measure to protect the quality of life.
7.50 Dancemakers: Bejart. Profiling Maurice Bejart, one of the most controversial figures in modern ballet.
8.55 The Cecil Parkinson Story. The son of a railway man, he was a schoolboy socialist who became a millionaire. As a Tory minister, he became Mrs Thatcher's favourite, and was confidently tipped as a future prime minister. But he was forced to resign after the revelations surrounding his love affair with his secretary, Sara Keays. Cecil Parkinson talks frankly about his personal and political life.
9.55 Time Passing. Looking at the home movies filmed by 82-year-old Roy Tye, which date back from the present to 1948. Last in series.
10.05 The Brain Drain.
10.35 Michael Powell. An appraisal of the British film director's life and career from collaborators and friends, including Martin Scorsese.
11.15 Film: Peeping Tom. Psychological thriller about a murderer who films his victims at the point of their death. Starring Carl Boehm and Anna Massey (1960).
12.50 Film: Return to the Edge of the World. Sequel to the Michael Powell drama about the depopulation of an island. Forty years on, the cast and crew return. John Laurie stars (1978).
2.20 Close.

LWT

6.00 TV Am. 9.25 What's Up Doc? 11.30 Movies, Movies, Movies. 12.00 The ITV Chart Show.

1.00 ITN News; Weather.
1.05 LWT News; Weather.
1.10 Starting from Scratch. James is left with an inferiority complex due to his brother's achievements.
1.35 Film: McCloud: Moscow Connection. Dennis Weaver in another detective story about the unorthodox marshal. Featuring Brit Ekland and Hoyt Axton (TVM 1972).
3.00 Matlock. Ben believes in the innocence of a man whose brain-washed son insists he saw his father kill the leader of his cult.
4.00 WCW Worldwide Wrestling.
4.40 ITN News and Results; Weather.
5.00 LWT News; Weather.
5.10 Cartoon Time.
5.15 Dinosaurs.
5.45 Catchphrase.
6.15 Barrymore. Highlights from the last series.
7.00 Film: Ghostbusters. Supernatural comedy, starring Dan Aykroyd and Sigourney Weaver. When three scientists lose their research funding, they decide to go into the spook-ridding business. With Bill Murray, Harold Ramis and Rick Moranis (1984).
8.50 Dame Edna's Neighbourhood Watch.
9.20 World Championship Boxing. Colin McMillan defends his WBO Featherweight title against Colombian Ruben Palacio, live from Olympia, West London. Presented by Jim Rosenthal, with commentary by Reg Gutteridge and Jim Watt.
10.05 ITN News; Weather.
10.20 LWT Weather.
10.25 Film: Commando. When his daughter is kidnapped by terrorists, a retired special agent wages a one-man war in order to rescue her. Violent action adventure, starring Arnold Schwarzenegger and Rae Dawn Chong (1985).
12.00 Almost Grown.
1.45 The Big E.
2.50 Get Stuffed; ITN News Headlines.
2.55 New Music.
3.55 Get Stuffed; ITN News Headlines.
4.00 Rhythm 'n' Raeg.
4.30 The Hit Man and Her.

CHANNEL4

6.00 Early Morning. 10.00 Quizbowl. 10.30 Gazzetta Football Italia - With Paul Gascoigne 11.30 American Football: Play Action. 12.00 Get Smart. 12.30 pm Songs and Memories.

1.00 Film: Pride and Prejudice. Adaptation of Jane Austen's classic novel starring Laurence Olivier as the snobbish Mr Darcy and Greer Garson as the strong-willed Elizabeth Bennett (1940).
3.10 The Call of the Jitterbug.
3.50 Blenheim Horse Trials 1992. The third year of this unique three-day event from Blenheim Palace, featuring showjumping, dressage and cross-country. The latter event includes the longest water crossing in the sport and the 5,700m cross-country course.
5.05 Brookside.
6.30 Right to Reply. New series. Sheena McDonald presents viewers' reports and ideas about TV.
7.00 The World This Week. International affairs programme.
8.00 Sunley's Daughter. A touching love story set in the North Yorkshire moorlands, shown as part of a retrospective season of documentaries about Yorkshire by Barry Cockroft. In a traditional farming community, the youngest child is expected to take care of ageing parents. But one daughter faces a dilemma when she wishes to marry.
9.00 Court TV: America on Trial.
10.00 Let the Blood Run Free.
10.30 Film: Cinema Paradiso. Award-winning Italian drama about a middle-aged film buff reflecting on his youth and his friendship with a wise old projectionist. Starring Philippe Noiret and Jacques Perrin. Part of the Cinema Cinema season (1988).(English subtitles).
12.45 Australian Rules Football.
1.45 Film: The Private Secretary. Vintage British farce with Edward Everett Horton as a timid clerk, forced into protecting a man-about-town from his many creditors (1935).
3.00 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-ANGLIA:
1.05 Anglia News. 1.35 Chequered Flag. 2.05 McCloud: Shivaree on Delancy Street. (TVM 1974) 3.50 WCW Worldwide Wrestling. 5.00 Anglia News and Sport
CENTRAL:
11.30 The Mountain Bike Show 1.05 Central News 1.10 Rocksport 1.25 The Life and Times of Grizzly Adams. 2.20 Superman. 2.50 Brand New Life. 3.45 Cartoon Time. 3.50 WCW Worldwide Wrestling. 5.00 Central News 5.05 The Central Match - Goals Extra 10.20 Local Weather.
CHANNEL:
11.30 Blockbusters 1.05 Diary Dates. 1.10 Motor Sport Special. 1.40 Treasure of the Golden Condor. (1952) 3.25 Cartoon. 3.45 Zorro. 4.10 This is America, Charlie Brown. 5.00 Channel News. 5.05 Puffin's Pla(i)ce
GRAMPIAN:
1.05 Grampian Headlines 1.10 Calptean Planaid. 1.40 Cuirm Cloinne 1.55 Fionnan-Feoir 2.25 Chequered Flag. 2.55 The Life and Times of Grizzly Adams. 3.50 WCW Worldwide Wrestling. 5.00 Grampian Headlines and Weather 5.05 Put it in Writing. 10.20 Grampian Weather.
GRANADA:
11.30 Zorro. 1.05 Granada News 1.10 Kick Off. 1.30 Carry on Sergeant. (1959) 3.00 Granada Sports World. 5.00 Granada News 5.10 Granada Goals Extra.
HTV:
1.05 HTV News 1.10 Gaolbreak. (1962) 2.20 The Mountain Bike Show. 2.45 Chequered Flag. 3.20 Life in Emergency Ward 10. (1959) 5.00 HTV News and Sport
SCOTTISH:
1.05 Scotland Today. 1.10 Calpiean Planaid. 1.40 Value for Money. (1955) 3.15 Highway to Heaven. 4.10 Bullseye. 5.00 Scotsport Results. 5.10 Scotland Today. 10.20 Scottish Weather
TSW:
11.30 The South West Week. 1.05 TSW News. 1.10 Gardens for All. 1.40 International Yacht Racing. 2.10 The Intruder. (1953) 3.45 McCloud: The Concrete Corral. 5.00 TSW News 5.05 Gus Honeybun's Cartoon Time 10.20 TSW Weather
TVS:
11.30 Blockbusters. 1.05 TVS News. 1.10 Motor Sport Special. 1.40 Treasure of the Golden Condor. (1952) 3.25 Cartoon 3.45 Zorro. 4.10 This is America, Charlie Brown 5.00 TVS News.
TYNE TEES:
1.05 Regional News. 1.10 The 1992 Mountain Bike Championship. 1.35 Chequored Flag 2.05 Vera Cruz. (1954) 3.45 The Life and Times of Grizzly Adams. 5.00 Northern Life Sport Special
ULSTER:
11.30 Superman. 1.05 Ulster Newstime 1.10 Saturday Sport. 1.20 Drumbeat. (1954) 3.25 Movies, Movies, Movies. 3.55 Wrestling 5.00 Ulster News; Sport. 10.20 Ulster Newstime
YORKSHIRE:
11.30 The Munsters Today. 1.05 Calendar News. 1.10 The A-Team. 2.05 Vera Cruz. (1954) 3.45 Baywatch. 5.00 Calendar News. 10.20 Local Weather.
S4C Wales as Channel 4 except:
10.00 Jeifin. 12.30 The Cosby Show. 3.10 Call of the Jitterbug. 6.30 A Stranger in the Family. 7.00 Newyddion Nos Sadwrn. 7.15 Bacha Hi O'Ma. 8.00 Paid a Deud. 8.40 Tocyn Tymor. 9.30 Children of Eskdale.

SUNDAY

BBC1

6.45 Open University. 8.50 Playdays. 9.10 News. 9.15 Morning Worship. 10.00 See Hear! 10.30 Inside English. 10.45 Lingo! How to Learn a Language. 11.00 Careering Ahead. 11.30 Winning.

12.00 Spain on a Plate.
12.30 Country File. Weather for the Week Ahead.
12.55 News
1.00 On the Record. New series. Jonathan Dimbleby assesses the Labour party under John Smith's leadership.
2.00 EastEnders.
3.00 Eldorado.
3.30 Film: The Hallelujah Trail. Light-hearted Western starring Burt Lancaster and Lee Remick. Local Indians and zealous church-goers have opposing designs on an expected shipment of booze (1965).
5.30 Amazing Stories.
6.15 The Survival Guide to Food. Destroying germs that cause food poisoning in meat, poultry and fish.
6.25 News.
6.40 Songs of Praise. Alan Titchmarsh celebrates Harvest Festival with the congregation of Down Cathedral, Downpatrick in Ulster - an area rich in church history.
7.15 Keeping Up Appearances.
7.45 The House of Eliott. Beatrice and Evangeline change the theme of their forthcoming fashion show after Beatrice is impressed by her mother-in-law's artwork.
8.40 Birds of a Feather.
9.10 News and Weather.
9.25 Screen One: Black and Blue. A black politician is murdered and the subsequent investigation uncovers widespread racism and corruption in the force.
10.50 Everyman. In 1982 a force of Christian Lebanese militia slaughtered more than 2,000 Palestinian refugees in Beirut. Ten years on, the programme uses eyewitness accounts and previously unseen footage to explore the legacy of the massacre, investigating the doubts and mistrust which are still evident.
11.45 Television, Memory, Race 1936-1992. First of two films. Stuart Hall considers black performers' contribution to TV.
12.35 Weather.
12.40 Close.

BBC2

8.25 Open University.

12.00 Sunday Grandstand. Introduced by Steve Rider. Including at 12.05 Yachting: The Ultra 30 Series competition. Britain's Laurie Smith hopes to add to the Olympic bronze he won in Barcelona. 12.35 Athletics: Last night's action from Havana, Cuba. Highlights include the men's 400m, 3,000m steeplechase, and Linford Christie anchoring the 4x100 relay team. 1.25 The British Touring Car Championship: Round 11 from Donington. 1.45 Motor Racing: The Portuguese Grand Prix live from Estoril. 3.45 Golf: The Women's British Open from Woburn. Times may vary.
5.50 One Man and His Dog.
6.35 The Money Programme. New series. With the British recession showing few signs of lifting, BBC economics editor Peter Jay explores the state of the economy.
7.15 The Living Planet.
8.10 The Look. Examining how many designers expand their businesses through marketing. By lending their names to other products, they can achieve money and status. Calvin Klein, Giorgio Armani and Donna Karan talk about how they have played the licensing game to their financial benefit.
9.00 Building Sights Europe. New series. Personal reflections on the best 20th-century European architecture.
9.10 Did You See?
9.40 A Word in Your Era.
10.10 Portuguese Grand Prix.
10.45 World Cup Athletics. The final day's action, live from Havana, Cuba.
12.30 Night Stalker.
1.25 Close.

LWT

6.00 TV Am. 9.25 The Disney Club. 10.45 Link. 11.00 Morning Worship. 12.00 The Human Factor. 12.30 pm An Invitation to Remember. 12.55 LWT News; Weather.

1.00 ITN News; Weather.
1.10 Walden. New series. Brian Walden questions leading political figures.
2.00 Bullseye.
2.30 The London Match. Ian St John introduces the action as Portsmouth take on West Ham in a First Division clash at Fratton Park.
5.05 Baywatch.
6.00 Animal Country.
6.30 ITN News; Weather.
6.35 LWT News; Weather.
6.40 Highway. New series. Sir Harry Secombe explores some lesser-known delights of the Mediterranean island of Mallorca which has been his second home for many years. He visits Puerto Pollensa where he meets the Rev Roy Greenwood, minister to an expatriate congregation.
7.15 You've Been Framed.
7.45 The Ruth Rendell Mysteries. New series. The intrepid Insp Wexford returns in a new collection of mysteries. A dream come true soon becomes a nightmare when an unexpected encounter leads to a haunting murder.
8.45 London's Burning. New series. Drama with the Blue Watch firefighters. Hallam begins counselling sessions to help him recover from the trauma of being trapped under rubble in the warehouse fire.
9.45 ITN News; Weather.
10.00 LWT Weather.
10.05 The Monarchy.
10.35 Special Inquiry. Donald MacCormick is joined by leading politicians, bishops and experts to reflect on the issues raised by the six-part series The Monarchy. What lessons can the House of Windsor learn from the royal families of other countries?
11.35 Cue the Music.
12.35 The ITV Chart Show.
1.35 Get Stuffed; ITN News Headlines.
1.40 Film: The Toughest Man Alive. Comedy caper of a gang's attempt to track down gun-smuggling in South America. Dane Clark stars (1955); ITN News Headlines.
3.00 Night Heat.
4.00 Coach.
4.30 Memories of 1970-1991.

CHANNEL4

6.00 Early Morning. 9.25 Laurel and Hardy. 9.30 Dennis. 9.45 Flipper. 10.15 If Wishes Were Horses. 10.45 Voyage to the Bottom of the Sea. 11.45 Little House on the Prairie. 12.45 pm Old Lace

1.00 Film: Jacqueline. Sentimental drama. Jacqueline Ryan plays a young girl who persuades a tough businessman to give her alcoholic father a job (1956).
2.45 Football Italia. Live coverage of Serie A: Sampdoria v AC Milan.
4.55 Magoo Breaks Par/Magoo's Homecoming.
5.10 News.
5.15 Answering Back. Susannah Simons asks David Sainsbury about the supermarket chain under his control. Can the company maintain the pace of expansion in the current economic climate?
6.00 Miraculous Mellops.
7.00 Equinox: How They Built the Channel Tunnel. Investigating the science and technology that made the project possible, and reflecting on the motives and feelings of the men who made it happen. The programme shows the danger and complexity of making a hole the size of two football pitches, 40 metres beneath the sea bed and 8km from the coast.
8.00 Tights Camera Action!
8.30 American Football. Minnesota Vikings at the Cincinnati Bengals.
10.00 Film: The Lonely Passion of Judith Hearne. Maggie Smith stars in this moving drama as an ageing spinster with a secret drink problem who seeks love and happiness with a fellow lodger (Bob Hoskins) (1987).
12.10 Film: The Time to Live and the Time to Die. Concluding Taiwanese director Hou Hsiao-Hsien's childhood trilogy about the experiences of family life. Part of the Cinema from Three Continents season (1985).(English subtitles).
2.35 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-ANGLIA:
12.30 Gardening Time. 12.50 Anglia News. 2.00 Heirloom. 2.30 Candid Camera Classics. 2.50 Ski Lift to Death. (TVM 1978) 4.35 Baywatch. 5.30 Bullseye. 6.35 Anglia News. 10.00 Regional Weather.
BORDER:
No variations.
CENTRAL:
12.30 Gardening Time. 12.55 Central News 2.00 Memories of 1970-1991. 2.45 The Central Match - Live. 5.00 Bullseye. 6.35 Central News 10.00 Local Weather.
CHANNEL:
12.30 Reflections. 12.35 Les Francais Chez-Vous. 12.50 Tele-Jornal. 2.00 International Yacht Racing. 2.30 The TVS Match. 6.35 Channel News.
GRAMPIAN:
12.30 SNP Conference Report. 12.55 Grampian Headlines. 2.00 International Yacht Racing. 2.30 Get Wet. 3.00 Badminton. 4.00 Animal Country. 4.30 Bullseye. 5.00 Scotsport. 6.00 Scotland's Larder. 6.35 Grampian Headlines. 10.00 Grampian Weather.
GRANADA:
12.25 Chalte, Chalte. 12.55 Granada News 2.00 The Life and Times of Grizzly Adams. 3.00 The Bridge at Remagen. (1969) 5.00 Bullseye. 5.30 Coronation Street. 6.35 Granada News
HTV:
12.30 The Nature of Things. 12.55 HTV News. 2.00 In Your Own Write. 2.30 Rocksport. 2.50 WCW Worldwide Wrestling. 3.35 OSS 117 Double Agent. (1968) 5.30 Bullseye. 6.35 HTV News.
HTV Wales as HTV except:
2.00 Challenge of the Seas.
SCOTTISH:
12.30 SNP Conference Report. 12.55 Scotland Today. 2.00 Glen Michael's Cartoon Cavalcade. 2.30 It Happened Tomorrow. (1944) 4.05 Baywatch. 5.00 Scotsport. 6.00 Scotland's Larder. 6.35 Scotland Today. 10.00 Scottish Weather.
TSW:
12.30 TSW Farming Week. 12.55 TSW News 2.00 Off the Hook. 2.30 Gus Introduces Frootie Tooties. 2.35 Carry On Screaming. (1966) 4.30 Superman. 5.00 Bullseye. 5.30 Cobblestones, Cottages and Castles. 6.35 TSW News. 10.00 TSW Weather.
TVS:
12.30 TVS News. 12.35 The Entertainers. 2.00 International Yacht Racing. 2.30 The TVS Match. 6.35 TVS News.
TYNE TEES:
12.25 Northern Life Review. 12.55 Regional News. 2.00 Dogs with Dunbar. 2.30 Earthmovers. 3.00 The Back Page. 3.30 Cynara. (1933) 5.00 Animal Country. 5.30 Bullseye. 6.00 Robert's Story. 6.35 Regional News.
YORKSHIRE:
12.25 This is America, Charlie Brown. 12.50 Calendar News. 2.00 Highway to Heaven. 2.55 The Bishop's Wife. (1947) 5.00 Animal Country. 5.30 Bullseye. 6.00 Calendar. 6.35 Local Weather. 10.00 Local Weather.
S4C Wales as Channel 4 except:
9.45 Miraculous Mellops. 10.15 Star Test. 12.45 Sunley's Daughter. 1.45 Nomads. 4.55 Magoo Makes News. 5.00 Dechrau Canu Dechrau Canmol. 5.30 Pobol y Cwm. 7.05 Bwrw'r Sul. 8.00 Y Llyffant. 8.40 Hel Straeon. 9.10 Newyddion. 9.15 Saith Diwrnod Ar Y Sul. 9.30 Ffiniau. 9.45 American Football. 11.15 The Prisoner.

RADIO

SATURDAY

BBC RADIO 2
6.00 Barbara Sturgeon. 7.00 Don Maclean. 9.05 John Sachs. 12.00 Bob Holness. 2.00 Benny Green. 3.00 Alan Dell. 4.00 Tea at Claridge's. 4.30 Sing Something Special. 5.00 Charlie Chester. 7.00 Richard Baker. 8.30 Pavarotti and Friends. 9.30 Sunday Half Hour. 10.00 Alan Keith. 11.00 The Arts Programme. 1.00 Charles Nove. 4.00 Alex Lester.

BBC RADIO 3
6.55 Weather.
7.00 Sunday Morning Concert.
9.00 News.
9.05 Brian Kay's Sunday Morning.
12.00 Spirit of the Age.
1.00 News.
1.05 Replay.
1.25 BBC Philharmonic.
3.10 Contrasts.
5.00 Northern Sinfonia.
5.50 Mozart's English Friends.
6.35 Choral Music from Eton.
7.30 The British Line.
9.45 Sunday Play.
11.20 Music in Our Time.
12.30 News.
12.35 Close.

BBC RADIO 4
6.00 News Briefing.
6.10 Prelude.
6.30 Morning Has Broken.
7.00 News.
7.10 Sunday Papers.
7.15 The Living World.
7.40 Sunday.
8.50 Sally Gunnell.
9.00 News.
9.10 Sunday Papers.
9.15 Letter from America.
9.30 Morning Service.
10.15 The Archers.
11.15 News Stand.
11.30 Pick of the Week.
12.15 Desert Island Discs.
1.00 The World This Weekend.
2.00 Gardeners' Question Time.
2.30 Sunday Playhouse.
4.00 The Clash of Absolutes.
4.47 More Wrestling Than Dancing.
5.00 White Swans and Mucky Ducks.
5.30 Red Arrows.
6.00 Six O'Clock News.
6.15 Feedback.
6.30 Ministering to the Arts.
7.00 In Business.
7.30 A Good Read.
8.00 Opinion.
8.30 Enterprise 92 Awards.
9.00 The Natural History Programme.
9.30 Special Assignment.
10.00 News.
10.15 Science Friction.
11.15 In Committee.
11.30 Seeds of Faith.
12.00 News.
12.30 Close.

BBC RADIO 5
6.00 World Service: Newshour.
6.30 Weekend Edition.
9.30 That Man and his Three Ships.
10.00 Johnnie Walker.
11.30 Fantasy Football League.
12.30 Sunday Brunch.
1.40 Open Forum.
2.00 Kitchen Cabinet.
2.30 Room 101.
3.00 Sunday Sport.
6.00 Walking in Big Footsteps.
6.30 It's About the Ad.
7.00 Sports Bulletin.
7.10 Open University.
10.10 Across the Line.
12.00 Close.

WORLD SERVICE
BBC for Europe can be received in Western Europe on Medium Wave 648 kHZ (463m) at the following times BST:
5.40 Travel and Weather; German Features. 6.30 News; Europe This Weekend; European Sports News. 7.00 News. 7.15 Letter From America. 7.30 French Programmes. 8.00 Newsdesk. 8.30 From Our Own Correspondent. 8.50 Write On. 9.00 News; Words of Faith; Classics with Kay. 10.00 News; Business Review. 10.15 Short Story: Dinner at Seven. 10.30 Folk in Britain. 10.45 Sports Roundup. 11.00 News Summary; Science in Action. 11.30 In Praise of God. 12.00 Newsdesk; Travel News. 12.30 BBC English; News and British Press Review in German. 1.00 News Summary. 1.01 Play Of The Week: French Without Tears. 2.00 Newshour. 3.00 News Summary; Pop on the Line. 4.00 News. 4.15 Concert Hall. 5.00 News; News About Britain; BBC English. 5.29 Headlines in French; German Features. 6.00 World News and Business Review. 6.15 Club 648; French Programmes. 7.00 Newsdesk. 7.30 German Features. 9.00 News; Folk in Britain; Words Of Faith. 9.30 Brain Of Britain. 10.00 Newshour. 11.00 News; News About Britain. 11.15 Short Story: Dinner at Seven. 11.30 Letter From America. 11.45 Sports Roundup. 12.00 News; Business Review; Classics with Kay. 1.00 Newsdesk. 1.30 In Praise Of God. 2.00 News Summary; The Sandwich. 2.45 The Devil's Trill. 3.00 Newsdesk. 3.30 Composer Of The Month: Boshulav Martinu. 4.00 News; Words Of Faith. 4.15 Sports Roundup. 4.30 Anything Goes.

CLASSIC FM 6.00 Sarah Lucas.
9.00 Classic Romance.
12.00 CD Requests.
2.00 Celebrity Choice.
3.00 Robert Booth.
7.00 Love Lives of the Great Composers.
8.00 Classic FM Concert.
10.00 Sunday Night Out.
11.00 Contemporary Classics.
12.00 Andre Leon.
2.00 Classic Romance.
3.00 Andre Leon.
4.00 Love Lives of the Great Composers.

SUNDAY

BBC RADIO 2
6.00 Barbara Sturgeon. 8.05 Brian Matthew. 10.00 Anne Robinson. 11.30 The British Steel Challenge. 1.00 Hancock's Half Hour. 1.30 The News Huddlines. 2.00 Ronnie Hilton. 3.00 Richard Ingrams. 4.00 Classics on 2. 5.00 Cinema 2. 5.30 The Movie Quiz. 6.00 In Concert. 7.00 You Can't Have One Without the Other. 7.30 The International World of Light Music. 9.30 Easy Does It. 10.00 The Arts Programme. 12.05 Ronnie Hilton. 1.00 Charles Nove. 4.00 Bill Rennells.

BBC RADIO 3
6.55 Weather.
7.00 Record Review.
1.00 News.
1.05 Murray Perahia Plays Mozart.
3.00 Vienna: The Philharmonic Years 1842-1992.
5.00 Jazz Record Requests.
5.45 Third Opinion.
6.30 Variety of Settings.
7.05 The Oprichnik.
9.20 Leps.
9.45 Donaueschingen Festival.
10.30 John Harle Band.
12.30 News.
12.35 Close.

BBC RADIO 4
6.00 News Briefing.
6.10 The Farming Week.
6.50 Prayer for the Day.
7.00 Today.
9.00 News.
9.05 Sport on 4.
9.30 Breakaway.
10.00 Loose Ends.
11.00 Talking Politics.
11.30 From Our Own Correspondent.
12.00 Money Box.
12.25 The News Quiz.
1.00 News.
1.10 Any Questions?
2.00 Any Answers? 071-580 4444.
2.30 Saturday Playhouse.
4.00 Science Friction.
5.00 The Living World.
5.25 Fourth Column.
6.00 News and Sports Round-up.
6.25 Week Ending.
6.50 Ad Lib.
7.20 Kaleidoscope on the Cut.
7.50 Classic Serial.
8.50 Beyond Ballet.
9.20 Music in Mind.
9.50 Ten to Ten.
10.00 News.
10.15 Cricket.
10.45 Joining the Cubs.
11.00 Tingle Factor.
11.30 The Miles and Millner Show.
12.00 News.
12.30 Close.

BBC RADIO 5
6.00 World Service: Newshour.
6.30 Weekend Edition.
9.30 Get Set.
10.30 Tales of the Texas Rangers.
11.00 Go!
12.00 Sport on 4 Plus 1.
12.30 Sportscall.
1.30 Sport on Five.
5.00 Sports Report.
6.06 Six-O-Six.
7.30 Le Top.
9.00 Afropop Worldwide.
10.00 Sports Bulletin.
10.15 On the Level.
12.00 Close.

WORLD SERVICE
BBC for Europe can be received in Western Europe on Medium Wave 648 kHZ (463m) at the following times BST:
6.00 News. 6.30 Londres Matin. 7.00 News; News About Britain; The World Today. 7.30 Meridian. 8.00 Newsdesk. 8.30 People and Politics. 9.00 News; Words of Faith; A Jolly Good Show. 10.00 News; Business Report; Worldbrief. 10.30 Personal View. 10.45 Sports Roundup. 11.00 News Summary. 11.01 Europe's People. 11.30 Londres Midi 11.45 Mittagsmagazin. 12.00 Newsdesk. 12.30 Meridian. 1.00 News; News About Britain. 1.15 Multitrack 3. 1.45 Sports Roundup. 2.00 Newshour. 3.00 News Summary. 3.01 Sportsworld. 4.00 World News. 4.15 BBC English. 4.30 News in German; Heute Aktuell. 5.00 News; Travel news; BBC English. 5.30 Londres Soir. 6.14 Letter From America. 6.29 News Summary. 6.30 News in German; Heute Aktuell. 7.00 News in German; Aktuelles Feature. 8.00 Latin Roots. 8.30 Europe This Weekend. 9.00 News; Personal View. 9.25 Words of Faith. 9.30 Meridian. 10.00 Newshour. 11.00 News; News About Britain. 11.15 Jazz For The Asking. 11.45 Sports Roundup. 12.00 News; Words of Faith; Book Choice 12.15 A Jolly Good Show. 1.00 Newsdesk. 1.30 The Ken Bruce Show. 2.00 News Summary. 2.01 Play of the Week: French Without Tears. 3.00 Newsdesk 3.30 The Invaders Legacy: Latin America 500 Years On. 4.00 News; Words Of Faith. 4.15 Sports Roundup. 4.30 From Our Own Correspondent. 4.50 Write On.

CLASSIC FM 6.00 Sarah Lucas.
9.00 Classic CD Chart Rundown
12.00 Pet[illegible] Trelawny.
3.00 Adri[illegible] Love.
6.00 Clas[illegible] America.
7.00 Int[illegible]duction to the Opera.
10.00 Cla[illegible]c Quiz.
12.00 And[illegible] Leon.
2.00 Classic CD Chart Rundown.
3.00 Andre [illegible]eon.
4.00 Classic America.

CHESS/BRIDGE

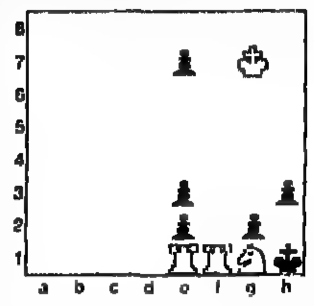
BOBBY FISCHER and Boris Spassky resume their \$5m (£2.9m) series in Belgrade on Wednesday with interest already shifting to the American's next match. He leads his ailing opponent 5-2 and, if he reaches the required 10 victories while conceding only a few draws, it will be a remarkable performance following his 20-year absence.

Spassky has been humiliated on and off the board. He missed a fork in the eighth game, blundered early in the ninth, and allowed Fischer's knights to prance round his defences in the 11th. Fischer's executive chair is monitored daily for squeaks and a giant glass bell will insulate him from the audience in Belgrade, but Spassky's rest room is mirrored so he cannot avoid Fischer's gaze and he is not permitted to sit at the table until Bobby arrives for the game.

The grandmaster elite believe Fischer will lose his next multi-million dollar match and retire permanently. He has refused a \$7m (£4m) offer to meet Anatoly Karpov and says he has ignored a dozen approaches from world champion Gary Kasparov. He believes K and K, are symbolically responsible for a pirated edition of his *My 60 Memorable Games* issued before the USSR joined the international copyright convention. He wants 20 years back pay before negotiating with them.

Nigel Short and Jan Timman are to play their candidates final in January, just when Fischer will be seeking his next rival. He describes Short as a "strong player" and Timman as a "great professional", high praise when K and K are dismissed as cheats. With Kasparov's official world title defence against Short-Timman in Los Angeles in doubt after the riots, Bobby is everyone's favourite opponent.

CHESS No 942



White mates in three moves (by V Pachman, 1936).

Leonard Barden

Solution Page XVIII

IN TODAY'S hand, which comes from teams of four, you will, I think, find something that opens your eyes. Let us consider The Confidence Trick:

	N	
	♠ K 10 ♥ A J 7 ♦ Q 10 8 5 ♣ A Q 7 6	
W		**E**
♠ J 6 4 2 ♥ 9 8 4 ♦ A K 6 3 ♣ J 5		♠ 3 ♥ K Q 10 5 3 ♦ 9 2 ♣ 10 9 4 3 2
	S	
	♠ A Q 9 8 7 5 ♥ 6 2 ♦ J 7 4 ♣ K 8	

With both sides vulnerable, North dealt and began the bidding with one no trump, promising 16-18 points. South replied with three spades, North rebid three no trumps, and South's rebid of four spades concluded the auction.

West opened with the diamond ace, East dropping the nine, and continued with the king. When East completed the peter, West led a third diamond. East ruffed with the three of spades and returned king of hearts. The declarer took with dummy's ace, and cashed the spade king.

When East showed out, the contract was doomed. Discarding a losing heart on the queen of diamonds, declarer conceded one trick to the spade knave, going one down.

In the other room, by much the same bidding, South also was in four spades and again lost the two diamonds and a ruff. This declarer saw that the contract was in danger only if West held the four remaining trumps – but how could he find out?

Then he saw the light. He played dummy's diamond queen – he did not need a discard, for the heart loser would go on the club queen – and East threw a club. South asked himself: would any East who held another trump fail to ruff the queen? He must be void.

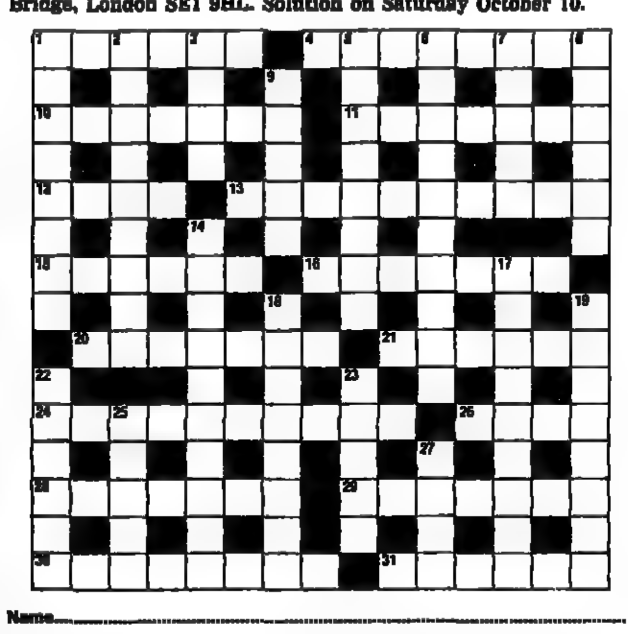
Ruffing the diamond in hand, South played a spade, finessed the 10 and made the king. Returning to hand via the club king, he drew trumps and ran the clubs for his contract.

E.P.C. Cotter

CROSSWORD

No. 7,961 Set by DINMUTZ

A prize of a classic Pelikan Souveran 800 fountain pen for the first correct solution opened and five runner-up prizes of £15. Solutions by Wednesday October 7, marked Crossword 7,961 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday October 10.



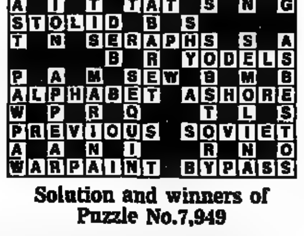
Name..

Address..

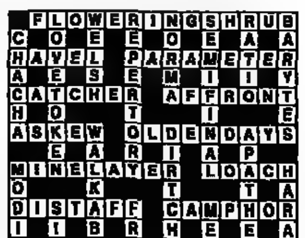
ACROSS
1 Fifty-cent cut is a big lump! (6)
4 Does one have a long shelf-life? (8)
10 Be quiet, say, with the window-cover (7)
11 No upright characters, these (7)
12 *Free, you say, of Lorna Doone?* (4)
13 Tall, weedy plant in barker's language (4-6)
15 Curate is one in vicious circle (8)
16 Trick must be something ugly to take in the French (7)
20 The spirit of French drivers? (7)
21 Untried Conservative given grant (6)
24 Sort action out of drawer for papers (10)
26 No restriction in this Scottish resort? (4)
28 Common name of Dickens, the writer (7)
29 Baby glued in clumsily (7)
30 Central Intelligence Agency's headquarters? (8)
31 No ring in soberly set jewels? (6)

DOWN
1 C grade is poor – a scandal (8)
2 She does our things in city strip (9)
3 It's love at first sight, Avena! (4)
5 Pump mark on hull, say (8)
6 Ice of many colours – or plain one at variety (10)
7 Slight obsession about night (5)
8 Run over you in Spain, being corroded? (6)
9 *Coming before a superior (5)*
14 Deputy, perhaps, who may prop up the head (10)
17 Mountain goat for a yokel (9)
18 The story-line involves arsenic and love (8)
19 Ladies' wear agreed upon in the doubles (8)
22 Ingenuity of chaps following a copper (6)
23 One in three, possibly, this ancient Italian port (5)
25 To begin again, women follow Descartes (5)
27 Inch margin? (4)

Solution to Puzzle No.7,960



Solution and winners of Puzzle No.7,949



J.V. Tiller, Epsom Downs, Surrey; W. Pugh, Westbury, Wiltshire; N.G. Rawlinson, North Hykeham, Lincs; H. Regan, New York, USA; N. Warwick, Middlewich, Cheshire; C.F. White, Mickleover, Derbyshire.

An uncivilised, unpleasant degree of hypocrisy

***Dominic Lawson** says David Mellor is the victim of cant and envy from MPs and the press*

"A CERTAIN amount of hypocrisy is necessary in any civilised society," pronounced the writer Michael Wharton in his autobiography published – to insufficient acclaim – last year. Wharton – better known as the *Daily Telegraph* columnist Peter Simple – is undoubtedly right. However the key to Wharton's wisdom lies in the qualifying phrase "a certain amount". A generous amount of hypocrisy is certainly not necessary to any civilised society and in the case of David Mellor we have endured an excessive amount of hypocrisy.

I am not sure how the former Secretary of State for National Heritage felt in the House of Commons yesterday as his colleagues on the Tory back benches hear-heared in sympathy. I should have felt nauseated, knowing that the same voices in less public rooms in the Palace of Westminster had sounded the death-knell of my ministerial career.

There will be a lot of muttering among Conservative MPs in the next few days about how a good man was bought down by the tabloid press. That is double-barrelled Home Counties cant. If a large number of Tory backwoodsmen had not, of, their own volition, decided that the parvenu ex-grammar schoolboy from Dorset should go, he would not have gone.

This is not to say that the press itself is free of hypocrisy in the sad case of David Mellor. As has been written elsewhere there are some journalists who have managed happily to combine a highly colourful lifestyle with a very demanding job, and who have nonetheless found it quite impossible to concede that Mellor should be allowed to share the same combination of private and public pleasures. Then there are those who have not enjoyed such a potent mixture of experiences. This is envy, rather than hypocrisy, and much the worse for that.

In so far as the affair with the actress was concerned, it was completely self-serving for the newspapers, either tabloid or broadsheet, to pretend that the matter was one of public interest.

It was claimed by the newspaper which broke the story that the public interest consisted in the fact that Mellor was unable to do his job properly. That could only have been demonstrated by an analysis of his output as a minister.

Tape-recorded conversations of lovers' conversations demonstrate *nothing except possibly* a man's suitability as a lover. It must, I suppose, be stated wearily yet again that the overriding motive of the down-market tabloid press was to see which could titillate its readers the most as part of a brutal circulation war in a declining market.

Then there is the question of Mellor's free holiday , or rather the free holiday of the Mellor family. The allegation of the newspapers is that Mellor had somehow been "bought", that he would in some unspecified way have returned some ministerial favour to the provider of the holiday.

Do you ever wonder why the travel sections of the newspapers are always so full of uncritical crooning descriptions of exotic holidays which few can afford? Because the journalist, and sometimes his immediate family, has been paid for by the travel company involved.

This is absolutely common practice among our national newspapers. Indeed I would not be overwhelmed with surprise if it turned out that one or two of the leader writers who condemned Mellor for his free holiday, had in the past, themselves been the recipient of one of these professional gifts. The only difference is that Mellor did not subsequently take the opportunity to write that others should consider going to the same place for their holiday, and but pay for it.

But my gold award for hypocrisy must go to Bryan Gould, who rejoices in the title of Shadow Heritage secretary. On Wednesday Gould pronounced that Mellor was a disgrace to his office and should be dismissed. On Thursday, once his wish had been granted, Gould sanctimoniously declared that Mellor was a great loss to his ministry and would be impossible adequately to replace.

A certain amount of hypocrisy is indeed necessary in any civilised society. But how much is necessary to render society uncivilised?

■ *Dominic Lawson is the editor of The Spectator*

Private View/**Christian Tyler**

How Beauty was defiled by the Nazi Beast

Film-maker Leni Riefenstahl was the darling of Hitler and Goebbels. She is still trying to explain why

HERE IS the woman Hitler embraced on the beach one night in 1932, and at whose feet Goebbels grovelled with unrequited lust. Here is the girl who danced for Max Reinhardt, the film actress who drove men to the verge of suicide, who got Marlene Dietrich her role in *The Blue Angel*, and whose talent secured her one triumph after another . . . until her illusions and career were shattered by war.

Leni Riefenstahl, one of the cinema's greatest documentarists, this week published the English edition* of her memoirs, five years after their debut in Germany.

Visually inspired she may be, but one reads her written testament – nearly 700 pages – with mounting incredulity. The style is breathlessly banal, the narrative self-obsessed, the vision monocular. Even the hairsbreadth escapes – Leni falling off mountains and ice floes, her flying accidents, her car crash – read like fiction. Her publisher's choice of title, *The Sieve of Time*, seems cruelly appropriate.

Leni Riefenstahl, harried and maligned even after the Allies exculpated her of any complicity in Nazi crimes, emerges on paper as her own worst advocate. In person, now 90, she is much more plausible but no less startling. She was wearing skintight black leggings and a blue shirt with gemstone buttons. She dabbed at her lips with a handkerchief. She looked nervous and frail.

But Riefenstahl is no poor old lady. She had just returned from a diving trip to the Maldives with her long-standing boyfriend, Horst Kettner. He is 40 years her junior.

Persuaded it was safe to be left alone with me, Riefenstahl, in poor but adequate English, became passionate and confiding. Occasionally she extended a bony finger to tap a point home. But what she confided was what she has been saying for nearly 47 years.

I commented that the book *read like a protracted defence.*

"Naturally. It must be a defence. I have to do this. But that was not the reason I wrote it. The reason was that I can't inform hundreds of journalists about my life. Now I can say to them 'read my memoirs'".

Did you not write it also to explain your life to yourself?

"No. I had only one idea. I had to write the truth. What really happened. I am not a good writer. My gift is my eyes, the picture, film. I hated writing. I wanted to explain my feelings and the difficulties I have had. Because of the attacks after the war I was not able to make films and that was so hard for me, because my life is in my art. If you take a fish from the water and put it in the sand, the fish can't die and he can't live. It was so hard. What I read after the war about me – none of it was Leni Riefenstahl. It was a different person."

Did you not discover a different view of your past?

"I don't think so. How can I change my opinion? People and journalists say 'She won't say she's guilty.' But, please, what have I done that is bad? Tell me what I have done!"

You could be accused of being very naive.

"No. I don't think that I am naive. The only thing to make clear was at the beginning one admired Hitler, yes? But I have admired him along with millions of others. How am I guilty and the others not? That is one thing. For this I can't say I am guilty, because all around me were enthusiastic."

I thought of her frequent meetings, public and private, with Hitler, Goebbels and other Nazi henchmen. Wasn't she different?

"Look," she interrupted. "The second thing is only my film, *The Triumph of the Will.* There were not even any Jewish laws at this time. In my film there was not one word of Nazi ideology, only the documentary pictures of what happened. Nothing was said against Jewish people."

I had seen *Triumph of the Will*, her film of the 1934 Nuremberg rally. Cinematically, it is stunning, and it led to her equally stunning record of the Berlin Olympics two years later.

Riefenstahl says she made *Triumph*, her two other films of rallies, and even *Olympia*, under duress. But to claim that *Triumph* is neither political nor propagandist is so *brazen* as to be absurd. The film is a passionate, unremitting distillation of the Nazis' mawkish, *brutal, supremacist fantasy.*

I remembered, too, her account of Hitler coming to tea and flipping through her copy of *Mein Kampf* with her critical notes in its margins.

But you had read *Mein Kampf*, I said.

"*Ja.* But not the whole book; only some chapters before '32."

So you knew what Hitler's ideas were?

"Yes, but, look. I will tell you. Only people who have lived in this time are able to understand the time. Because Germany was so poor, so lost, all its people unhappy, six million without work and hungry on the street. I didn't admire Hitler for his ideas; no, it was only for his social policies. It was as if someone in England promised . . ."

Yes, I understand. But you say yourself you realised Hitler could be dangerous.

"I was not sure."

I'm not passing judgment, Frau Riefenstahl. I want to know whether now, at 90, you think you made a mistake in approaching Hitler, in writing that letter to him.

"Why? I was very happy to meet him. I was in the beginning like other people impressed by him. How can I change my feelings? If I would say now I am guilty, I am unhappy, I made mistakes, then I would be a liar.

"All people in Germany say: 'Nobody was a Nazi. Nobody did like this [she half-raised her arm in the Nazi salute]. I was never there, I was against Hitler.' *I am one of the rare* people who has the courage to say the truth. And I think that *is important. It is better than* lying.

"It would have been better for me to say I was guilty, that I made a mistake. Then I would have no problems now. But why I don't say this is because it is not true. I didn't think for one moment that he would do the things he did later against the Jewish people and so on."

You suffered a lot after the war because of your association with top Nazis.

"Naturally."

And you have been suffering until . . . I don't know when you will be free of this.

"I will never be free. Never, in my life. Because I can't understand why they want people to say what is not true."

I suggested that, like Marlene Dietrich, she could have gone to America. Riefenstahl corrected me. Dietrich had to go to the US for her career and denounced the Nazis from there because she had been better informed of the truth by her circle.

Riefenstahl's own Jewish friends – they loyally defended her later – had initially been impressed by Hitler and advised her not to leave Germany, she said.

You could have followed your instinct and kept away from these men.

"But it was too late."

Riefenstahl did not join the Party, for, as she reports telling Hitler to his face, she disliked his racism. According to her book, she lived "as if inside an egg". So consumed was she by her art, she read nothing in the papers, heard nothing on the radio – and there was no TV. The outbreak of war took her by surprise.

The interview was turning into a fruitless interrogation, so I asked about her art. You love physical beauty, I suggested.

She saw a trap. "Beauty, not physical beauty," she corrected. "People say I made my Olympic athletes so beautiful. I am not God. They were like that."

When you were a girl, you loved fairy tales. Your films also have this air of fantasy.

"You are right. It was very hard for me to adapt to reality. Then my world was the dance. Nothing else existed for me."

When I her asked her why she did not portray poverty or ugliness, she replied that her *films were a way of saying Yes* to life. "Poor people, ugly people or sick people need hope, films that are positive. I think for an artist it's much more difficult to make a good positive film than to make a good negative one."

Did Hitler share your ideal of beauty?

"Not one little bit."

We discussed men. You've had many lovers, I said.

"Many? Not so much." She laughed.

They were passionate affairs but often you were betrayed. Why?

"My profession. To make these very difficult films, to work 18 hours in the cutting room. I had no private life. My life, my work, was always very very hard. The men I loved wanted to sleep with me and I had to work."

I thought of Goebbels' seduction attempts. Did you like Goebbels?

"Ugh! Never. From the first moment not. He hated me. If he spoke well of my films, that is a different thing. But he hated me because I didn't love him, didn't like him and he was jealous that Hitler liked me."

After the war Riefenstahl was arrested, interrogated and freed. But her career was blighted and she spent years fighting libel actions. Among the accusations hurled at her were that she had witnessed a massacre of Jews in Poland, that she used concentration camp inmates for her film *Tiefland*, that she danced naked at the Berchtesgaden, that she was Hitler's mistress. All this she sets down in the book.

Shunned in Germany, boycotted almost everywhere, she found refuge and affection with a remote Sudanese tribe, the Nuba, whose primitive innocence and naked rituals she has photographed. "My Nuba", she calls them.

When I suggested that she never really understood other people she thought I was accusing her of lacking sympathy for the poor. Then she declared: "I understand my enemies. I am not surprised. I understand that the Jews hate me. The problem is they don't see the difference between the ideas of Hitler and Leni Riefenstahl, and they are absolutely *contraire.*"

You had everything a woman could want, I said. Beauty, brains, artistic sense, energy, discipline. (Riefenstahl smiled with pleasure). What are your faults, do you think?

"Maybe I am too much of a perfectionist. And I am too concentrated on one thing . . . egocentric. My desire to make a new work. Not to have success, that's not so important. Money is not interesting."

I asked her directly if she was not *ashamed of her* fascination with Hitler.

"It was a mistake!" Finally she had said it. "Looking back I must say this, but I can't say it was not true. It was a mistake and it disturbed my life. It has disturbed my life.

"It is the story of my film *The Blue Light*. Junta (the heroine) loves the blue light: it is like an ideal. Leni thought Hitler was an ideal. She thought he was a good man who was bringing peace and then, like Junta, she saw it was wrong. Junta dies. It is the same for me. This is my destiny."

Every word of her memoirs may be literally true, down to the verbatim reports of Hitler's conversations. And yet . . . something seems to have slipped through the sieve of time. It is as if there is another Leni Riefenstahl whom she is unable to face yet whom she must take with her, resolutely, to the grave.

**The Sieve of Time; Quartet Books, £30.*

Trevor Humphries

Meet Gabriel and Sebastian

Michael Thompson-Noel

IF YOU ask me, the wrong man jumped this week. David Mellor, Britain's tousled Minister for Fun, resigned on Thursday – victim of the smutty and vindictive malcontents who run the tabloid press – whereas John Major and Norman Lamont, who have created a black hole where economic policy used to be, did not. Mellor's behaviour – adultery and whatnot – was a tad simple-minded. But it was definitely none of our business: not yours, mine, or the smutties'. He should have stayed at his desk. His hounding diminishes all of us.

Conversely, Major and Lamont, whose insouciance seems to soar the faster they steer their craft into the heart of the black hole, are still in business, still making totally useless decisions as they squirm from one debacle to the next. It's a funny old world.

But help is close at hand. Their lives are being remodelled.

I was on holiday last week. Majorca, as it happens. In a villa above Pollensa. Swimming pool. Gardens. A maid who called in daily. Among Pollensa's attractions is the Restaurant Clivia on Avinguda Pollentia (proprietors: Domingo y Joaquin) which I love like life itself. I was there on Sunday evening, dining with Miss Lee, my executive assistant, when who should sweep up to us but my good friend Wayne Talent. He was wearing an aubergine suit with a carnation in each buttonhole, while his startling array of caps (Harley Street: £18,000) caused glints of polar light to flicker around our table in dramatic and eerie fashion.

"Thought I'd find you here," said this aubergine apparition. "Street guy like you, knows where it's buttered."

He barely glanced at Miss Lee. Wayne is the younger brother of Keith Talent, the Notting Hill racketeer of Martin Amis's *London Fields.* Keith is still in prison. Wayne, for his part, claims never to have heard of Amis or his novels – "sounds like a plonker" – though he keeps in touch with Keith.

HAWKS & HANDSAWS

Wayne is a friend of Dorothy's: 28-ish, gaunt, street-wise – *rich.* Quite extravagantly rich. Money just sticks to him. Like most of the rich I know, including numerous sheikhs, Wayne is using the present hiatus in the global economy to buy assets at bargain prices, mainly property and art. "Goya, Luti, Clavé, Hockney, Borofsky, porcelain, carpets, jewellery – anything at all, Mike – Rollers, racehorses, stud farms, watermills. Stands to reason, dunnit? Rock-bottom prices. Time to make a killing. You can't beat basic assets."

"Is that why you're in Majorca?"

"Only briefly, Mike. I own a few farms here. Also three hotels. I could let you have a farm, Mike, rustic on the outside, gold taps inside. The sort of thing you like, Mike, street guy like you, wasn't born in a stationery cupboard. The peseta's ducking and diving. Time to plunge in, Mike. Call it fifty thou."

"Fifty thousand sterling?"

"Sterling would be all right."

"But the markets are quaking and heaving."

"Don't worry about the markets. All you have to do is watch your basic asset prices indexed in Swiss francs. I'll give you a ready reckoner. It's how the rich stay rich."

"But what about John and Norman? Won't they be the ruin of us?"

"Remember what I *told* you, Mike, just before the election. I asked you what the difference was between Tories, Labour, Liberals. I said: 'The only difference between them, Mike, is 175 Footsie points, maybe 200 – peanuts, cashew nuts.' On the other hand, Major and Lamont have clearly got to go. That's what I've been fixing, me and various sheikhs, plus the Palma authorities.

"Here's how the deal looks. We'll *give* you a farmhouse here, though we'll show it on the books as a sale at fifty thou. We'll include some Goya etchings, plus a Hockney and a Roller. And we'll throw in a couple of staff – a gardener and a handyman. They'll have authentic Spanish passports, fresh sets of fingerprints – completely new identities.

"They'll live in a little cottage by the side of your farmhouse and will work from morn to night. They'll be called Gabriel and Sebastian. Gabriel wears glasses and likes to watch cricket. Sebastian has funny hair. *You* will keep an eye on them. If they try to run away, shoot them with a shotgun. But we're not expecting trouble. From what we all know of them, they'll be happy to hoe and plough until there is nothing left but dust."

Bargains where brick and stone meet

***Gerald Cadogan** looks at what is available among the dreaming spires of Oxford and in the pretty countryside nearby*

THIS IS a buyer's market for big country houses and also for fine city homes in easy reach of the country. One of the more attractive area to begin the search is *Oxfordshire*: along the Thames valley, the M4 corridor and in Oxford, the city of dreaming spires. In spite of the popularity of the county, there are bargains to be had.

Oxford governs life in the south half of the county and along its borders. That often puts a premium on house prices but the area has many attractions. Communications, schools and medicine are excellent. The university has its dons glad to be invited to dinner away from other dons. There are plenty of places for walks and *expeditions* and rich art and music. In Oxford, the touring opera companies fill the Apollo Theatre and outside the city Garsington Opera gives a glimpse of how Glyndebourne was in the 30s.

Trains for commuters to London are quick and buses cheap and frequent. The M4, M40 and A34 lead to the airports and every part of England.

There is a lively life outside the university – though you may soon find your conversation dominated by talk of schools or of the traffic jams when it is time to collect the little darlings. It is hard to find the old sense of a county town in Oxford: some of it is now too smart – Liberty in the High Street – and some too tatty, such as the fast food outlets.

Among the most appealing properties are the Victorian Gothic houses of North Oxford even though many are semi-detached. They are solid, spacious family houses with gardens awash with pink *spring* blossom. But *one must* be patient. Whole houses are rare on the market as many have become university offices, language schools or flats.

Two examples are on the market. Knight Frank & Rutley (0865-790077) offer 12 St Margaret's Road, in red brick, at £335,000, and Cluttons (0865-793900), 3 Warnborough Road, in yellow brick, at £345,000.

A smart flat on a long lease at 165 Woodstock Road, is on sale at £265,000, with John E Wood (0865-311522). Wood also offer a house in Park Town. This was *North Oxford's first development*, built in 1850s in yellow brick and stucco and in the Classical style. The house, 53 Park Town, needs *refurbishment but £270,000* is a good price for the best address in Oxford – if you are not head of a college and in the usual handsome house with the job.

Oxfordshire straddles the border between the brick land of southern England and the stone of the rest of the country. From Henley, in the south-east corner of the county, *through the Vale of the White* Horse, to Wantage and beyond, and up to Abingdon, almost all the houses are brick, although a few are half-timbered wattle and daub. Knight Frank & Rutley in Hungerford (0488-682726) are selling two such farmhouses near Wantage. But in the hilly ground north of Oxford, where the Cotswolds cut up to the Cherwell valley, stone rules.

Stonehill, near Abingdon, with 27 acres, barns, swimming pool and tennis court, at £780,000, from Cluttons, is a brick house at its grandest. So is the stuccoed Blackstone House, in the splendidly-named village of Brightwell-cum-Sotwell, four miles from Didcot (35 minutes by train to Paddington). Cluttons are agents and the guide price is £550,000.

Near Henley, *Savills* (0491-579990) are selling the brick and half-timbered Rotherfield Grange with 226 acres of farm for around £1.5m. The house has elaborate security. A ring fence surrounds it and you enter through "electronically operated wrought-iron gates" monitored by closed-circuit TV.

Nearby is the Glebe House (a Victorian rectory) at Dunsden, where Wilfred Owen, the World War I poet, once lived. Savills and Lane Fox (0734-845757) offer the house at £500,000.

Place Manor in Streatley is on the market for £35,000 less. It is an attractive half-timbered and brick building nestling in the Thames valley. The house is on sale with Strutt & Parker (0635-521707). Nearby Westbury Farm at Purley, seems to be the only place in the country that makes a good, full-bodied English red wine. Aspirant vintners, here is your chance at £850,000 (through Savills). The house also has fishing lakes stocked with trout.

In the stone belt, Jackson-Stops (0285-653334) offer the Milk House at Purton, between Swindon and Cirencester at £197,500. It is a dream of a thatched cottage which sits by a stream.

Two attractive houses in Burford are *on the market. The 19th century* Waterloo Farmhouse at Fulbrook has stabling and paddocks and is ideal for hunting with the Heythrop, it is being handled by Strutt & Parker in Moreton-in-Marsh (0608-50502). Ladyham, on the market for £700,000 with Jackson-Stops, or Knight Frank & Rutley, has a long frontage on the river Windrush, which meanders through the garden. It has 18 acres of river meadow.

Fans of Iris Murdoch, the novelist, or of her husband, John Bayley, the critic, may be attracted to their *old house, Cedar Lodge, in Steeple* Aston, a large village above the Cherwell, that has suffered from noise *from Upper Heyford* air base, but the USAF leaves soon. It is a fine house in spruce state, hardly recalling the days when *Professor* Bayley would mow a path to the front door for the lunch guests. Cluttons offer it at £485,000 and, nearer Oxford, the Old Vicarage at Cassington at £535,000.

At Chadlington, in the Evenlode valley, the manor, currently a country house hotel, is going at £930,000 (Knight Frank & Rutley) and could continue as a hotel or revert to being a family house. Pool Farm, at Stratton Audley, near Bicester, has a more surprising business on its 260 acres. It is the headquarters of the London Rally School. John D Wood offer it in lots for a total £735,000.

Chandlings Manor, by Bagley Wood, on the hills south-west of Oxford, is a pleasure dome of extreme opulence built by Farid Wakim, sold in 1990 *for over £5m* and in 1991 for £2.5m and now on offer for £1.85m, from Savills in London (071-499-8644). Where else can you get a casino, indoor and outdoor swimming pools, rifle range, squash court, cinema, floodlit gardens, stables and garaging for 21 cars, and much more in the most expensive taste, at such a snip of a price? The dons will come out in droves to marvel. The desert-tented drawing room calls to mind the lines of Matthew Arnold in *The Scholar Gipsy*: "on the skirts of Bagley Wood, *Where most the Gipsies* buy the turf-edg'd way Pitch their smok'd tents."

Cut-price pleasure dome: Chandlings Manor, complete with casino and garaging for 21 cars, sold for £5m in 1990. It is on the market for £1.85m

LONDON PROPERTY

PROPERTY

Tempting prospects in the Swiss market

*As Britons gear up for their skiing holidays, **Audrey Powell** considers the resort properties available in Switzerland and France*

DIFFERENT nationalities shop for their ski resort properties at different times of the year. The British it seems, take an interest in buying from September. So should they begin looking at the well-built, spacious but pricey Swiss offerings?

Buying opportunities in Switzerland are still limited for the foreigner, although you are told that since that country's application to join the EC restrictions "are loosening a little." But any slackening of buying rules seemsto be only at cantonal level. Even so, it is worth seeing what is on offer.

Villars, in the canton of Vaud, which allows purchases by foreigners, is a long-established Swiss resort attracting intermediate skiers. The merging of two major developers there – both family companies which have been in the business for years – has produced a single company with a wide selection of property for sale.

Examples are a first-floor chalet apartment with balcony, in a private park, on a piste, at £165,000, or a duplex with three bedrooms, on the top floors of a chalet, at £202,000. Both are ready for immediate occupation.

In another chalet, Villars keeps to the chalet tradition with its new building, one-bedroom apartments go from £133,000. These are near the centre of the town but within walking distance of skiing. They should be ready by Christmas.

There are apartments in the Chalet Bristol, across the road from the aparthotel Bristol. Those in the Chalet are for normal freehold purchase, with no obligation to let, but owners can make use of the hotel's facilities.

Studios in the Chalet Bristol start at £52,000, one-bedroom apartments at £173,000. These properties are among those available from the London offices of David de Lara (081-749-2188) or solicitor Osbornes (071-485-8811).

The British have always enjoyed the Bernese Oberland, and Wengen, perched above the valley of Lauterbrunnen, is easily accessible by train from Geneva and Zurich.

Buying a property in the resort has been more problematical, says Simon Malster, of Osbornes. But in the course of acting for a client attempting to purchase a chalet there, he found a property "which I believe to be uniquely available to foreign buyers."

It is an hotel which closed and is being converted into large flats. Near the station – important, as Wengen is a traffic-free town – the balconied apartments with their long-ranging views sell at £165,000 (for two or three bedrooms – the floor area is the same).

Verbier, in the canton of Valais, provides an example of the difficulties outsider's may face in the Swiss market. In a referendum four years ago it was decided that no more sales to foreigners would be permitted. Subsequently that decision was reversed. Since, demand for property by foreigners has been so great that both last year's and this year's quotas of foreign authorisations have been used.

Purchasers interested in resale property there are unlikely to get permission until the beginning of next year.

"There are some excellent properties available, but the situation and standard of finish, affect the price. Thus a new one-bedroom apartment could be between £100,000 and £200,000," he says. For those with a budget of £400,000 there are large apartments and individual chalets.

If you want to go upmarket you could look to Gstaad, in the canton of Bern. It is expensive, exclusive and picturesque and offers plenty to entertain the non-skier.

The 25-year old Chalet Petunia, with views of meadows and mountain ranges from its terrace and three balconies, is available. There are five bedrooms, four bathrooms, two reception rooms. The basement could be made into a self-contained flat. There is a double garage and garden.

The centre of the village and ski slopes are a few minutes' walk away, although a four-wheel drive vehicle is advisable in winter. Its British owner has been letting the property and says between £55,000 and £60,000 a year can be obtained, two thirds of this between December 20 and March 20. Aylesford, in Zondon (071-351-2383) is inviting offers around £1.6m.

Arlette Adler, of Villas Abroad (Properties) in London (081-891-5444) has her own lists of ski resort homes – many resales among them.

She takes a rather cynical view of the Swiss sector. When it comes to changing the buying rules, she suggests, "haste has never been a Swiss malaise."

Adler adds: "Confusion still reigns in the various departments of the cantons." Properties sold in Champery (Valais) 14 months previously had still not had their authorisations ratified, although they had been granted. "This means that they cannot be completed before a notary, nor can they be entered in the land registry. Nor, may I add, has the buyer had to pay for them..."

The most important development, predictably, has been the resale market. Numbers of foreign owners who bought Swiss properties more than ten years ago cannot sustain the mortgage and upkeep of a foreign property.

But, one man's disaster is another's bargain and bargains there are.

There were some "truly remarkable opportunities" among quality properties. A four-bedroom chalet on three levels in the Valais, with a full-size dance studio (the owner taught dancing) was available for £240,000. In Fribourg a chalet with integral flat, the whole totalling eight rooms, was on offer at £358,000.

At the other end of the scale, in Valais, a small studio apartment could be bought for £24,000. A two-room apartment on the slopes of an extensive linked ski area was available for £57,000 and one with three rooms, for £83,000. All were furnished.

The exchange rate had had its effect, too. An owner who bought a two-bedroom apartment at Leysin, in the Vaud, at £133,000 ten years ago, had it on the market, furnished, at £88,000.

In French ski resorts there are no complications about a foreigner's eligibility to buy.

Zigi Davenport, of Alpine Apartments Agency, in Leominster, Herefordshire (05447-234) says she is almost embarrassed to admit that the market has been good and with the bulk of buyers British.

"Last year and the first six months of this year we have been incredibly busy, with an enormous increase in demand and actual sales, particularly in the more traditional resorts with easy access to Geneva and the lakes." Many clients were now buying in the Alps for year-round holiday use, appealing to all age groups.

"True, demand is for chalets or larger apartments. The British have never liked the small 'rabbit hutch' type. A few years ago many French developers built far too many studio and one-bedroom apartments, to the detriment of the resort or village," says Davenport.

At Morzine, for example, the commune would no longer give planning permission for very small apartments, while builders of quality properties in the Haute Savoie were in demand, with buyers waiting for any resales.

Chalets for sale in Megeve began at £200,000 and went up to £1m. Apartments in the renovated Hotel Beau Site close to the golf course were good value at £129,000 for three bedrooms with terrace, says Davenport. La Clusaz chalets close to the piste, now started at £140,000.

Chamonix was a draw to tourists worldwide and its property prices were rising with demand from Italian buyers. Chalets at Les Houches went from £120,000 but for something special, in a good setting, with views of Mont Blanc one had to pay £260,000 up.

A final thought with the investor in mind. A complete apartment building, close to the centre of Les Gets, comprising 17 units and 14 garages, is for sale at about £900,000. It has nearly all-year rental income. An alternative option would be to sell most of the apartments and keep the top floor as a penthouse, suggests the agency.

A tale of two chateaux

£1m would buy Château d'Allegmagne in Provence

TWO CHATEAUX among the many now on the market serve to illustrate the contrast in styles of such properties between the north and south of France.

Representing the north is Château Saint Josse, built in 1840 in a village five miles from Le Touquet, on the Channel coast. It is a white, sharp-angled building with steeply-pitched grey-tiled roof and an even steeper pitch to the tower at its side. It has dormer windows and pale blue shutters and front door.

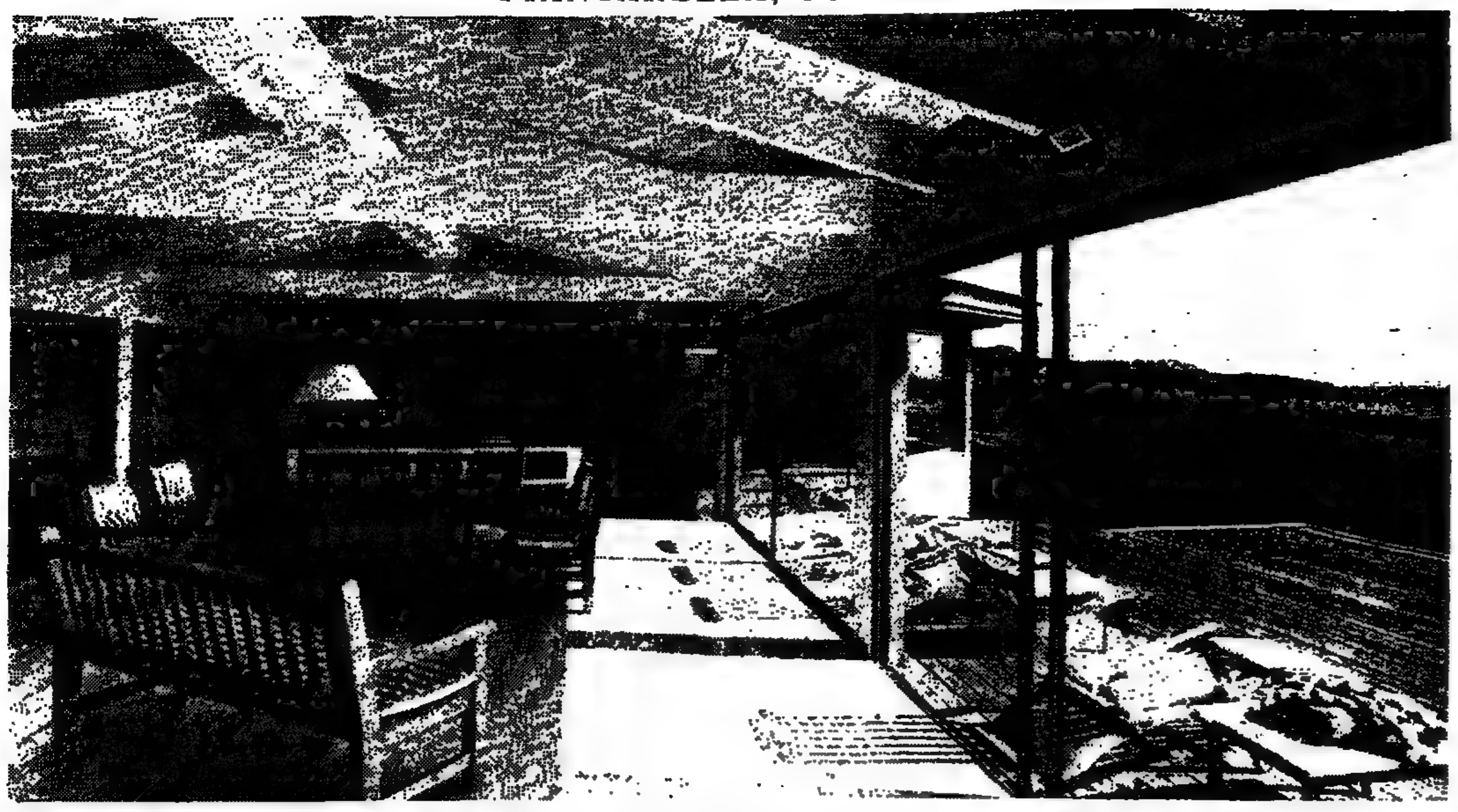
It comprises 16 rooms on three floors. Some 6,000 sq ft of stables and outbuildings come with the property and nine areas of walled gardens.

Representing the south is the listed Château d'Allemagne, in Provence. Originally a defensive fort in the 12th and 13th centuries, it was later enlarged and converted into a home. Stone buildings, one castellated, surround a courtyard. There is elaborate carving over the top floor windows. This château has six bedrooms and numerous reception rooms on its five floors. Now "fortified" by five circular towers, it looks as romantic as the other looks businesslike.

Both have British owners, and both properties are on the UK market at similar prices. For Château Saint Josse £950,000 is sought (tel: 0638-712799); Château d'Allemagne is about £1m (through Hamptons 071-493-8222).

Château Saint Josse near Le Touquet. For sale at £950,000

PIANTARELLA, CORSICA



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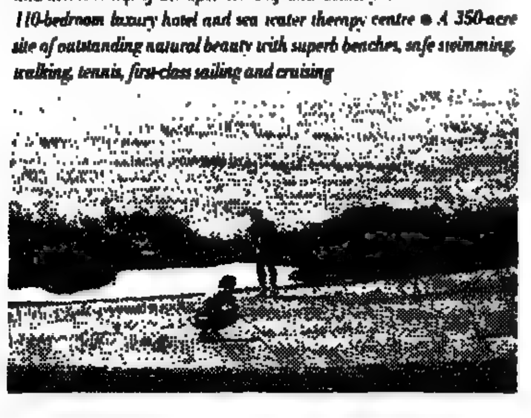
● Eleven villas with 3, 4 or 5 bedrooms ● Eighty apartments from 45m² to 154m² ● Ownership includes a shareholding in the Golf de Sperone and membership of the Sperone Golf and Country Club ● Access to a 110-bedroom luxury hotel and sea water therapy centre ● A 350-acre site of outstanding natural beauty with superb beaches, safe swimming, walking, tennis, first-class sailing and cruising



The village of Piantarella is part of the 350-acre private estate of Sperone, on the southern tip of the French island of Corsica. It overlooks the Straits of Bonifacio, one of the Mediterranean's finest sailing areas, and the coastal mountains of Sardinia.

Piantarella's timber-faced buildings are elegant, light and spacious. They fit discreetly into the contours of this unspoiled landscape. Every one has an unimpeded view of the sea, or of the 'maquis' and the golf course by Robert Trent Jones which enjoys one of the most spectacular sites in Europe. Ownership of a home at Piantarella confers a shareholding in the course and membership of the Club.

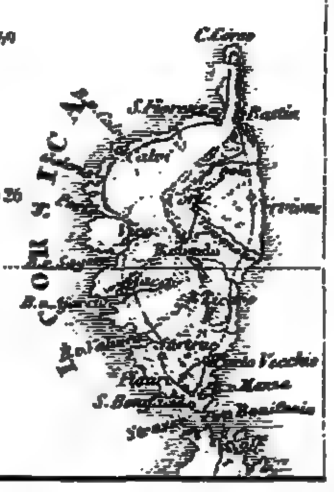
Piantarella isn't just for golfers. There are beautiful beaches. The sailing is superb. Bonifacio, a clifftop citadel just 6km away, has 300 deepwater moorings and numerous small shops and restaurants.

There is a direct flight from London, and other European cities, to Figari, which is 25km from Piantarella. There are many flights to Figari via Paris and Nice.

Further information from
Domaine de Sperone
20169 Bonifacio, France
Telephone 010 33 95 73 13 69
Fax 010 33 95 73 06 07 or

Domaine de Sperone
156 boulevard Haussmann,
75008 Paris, France
Telephone 010 331 45 62 76 26
Fax 010 331 45 62 01 14

Estates International
32 Bolton Gardens
London SW5 0AQ
England
Telephone 071 244 7828
or FAx 071 244 7829



ANTIGUA, WEST INDIES

KIMBERLEY HOUSE: Exquisite ocean & bay views from 1.3+/- hilltop acres, this 5,000 sq.ft., 4-bedroom residence has a spacious living area with shuttered windows, beamed ceilings, tiled floors. Decks, pool. $875,000 (Furnished) Brochure #FT0840041. Co-Exclusive Listing Broker CARIBBEAN PROPERTIES LIMITED 809/462-1873

JUMBY BAY: Widely regarded as one of the world's finest tropical resorts. A very limited number of villa residences & undeveloped private lots remain available with resort membership. Gourmet restaurant, tennis, water sports. Brochure #FT0082018. Co-Exclusive Listing Broker JUMBY BAY 809/462-6000

GALLEON HOUSE: This 3,230+/- sq.ft. 9-room island home comprises 3 dwelling units. 5 bedrooms, 8 baths, tile floors, many verandahs & terraces. Pool, pergola, gazebo. On more than 1/2 acre sloping to Freeman's Bay. $1,400,000. Brochure #FT0840063. Co-Exclusive Listing Broker KAREN TATE 809/462-6000

ORDINANCE BAY ESTATE: Set on Ordinance Point, this 2+ acre estate offers 296'+/- of bay frontage. Fully furnished. Guest house, boat house. Reduced to $299,000 (Furnished). Brochure #FT0840047. Co-Exclusive Listing Broker CARIBBEAN PROPERTIES LTD.

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Entry to Dataw Island is controlled by a security gate. The owner of Oak Island may install further security at the bridge, if desired.

Offering Price US$3,500,000

For further information and a videotape of Oak Island, contact Arthur F. Levin, Vice President, Dataw Island Realty, One Club Road, Dataw Island, SC 29920, USA. Telephone 803-838-8898.

A Community by Alcoa Properties, Inc.

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VILLA 2 - SITUATED OVERLOOKING PORT
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Prime seaside site of about 15,000 Sq. metres adjacent to core of upmarket resort on North East coast of this popular holiday island. Part developed having three villas, all necessary services and over 200 metres of frontage to deep water and it's own beach. Ripe for more development or for re-development to provide hotel and apartment accommodation to international standards with allied leisure and marina use.

VIDEO AVAILABLE PRICE BY NEGOTIATION.

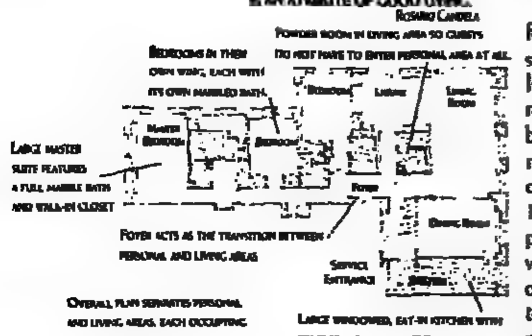
TELEPHONE: 0836 - 354343 OR FACSIMILE: 0625 - 871828

Actual view from apartment 18 B.

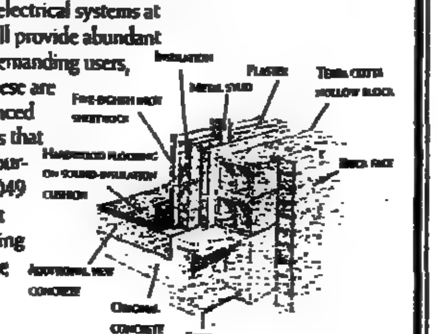
1049 Fifth Avenue proves that a luxurious home must also be a masterpiece of engineering.

The residences at 1049 Fifth Avenue are formal and quietly elegant. Designed and built in 1928, this classic twenty-three story brick and limestone building has been completely redesigned to contain just forty-five new condominium homes. In addition to pleasing proportions, the most up-to-date comforts, exquisite details and meticulously executed finishes, each home exemplifies the highest levels of engineering sophistication.

"ABOVE ALL, PRIVACY, IS AN ATTRIBUTE OF GOOD LIVING."
ROSARIO CANDELA



The building is especially proud to feature climate control and electrical systems that are unique in New York. Individual temperature controls in each room, including the kitchen and master bath, make it entirely possible to heat some rooms while air-conditioning others any day of the year. The electrical systems at 1049 Fifth Avenue will provide abundant power for the most demanding users, without overload. These are only two of the advanced technological features that make the three and four-bedroom homes at 1049 Fifth Avenue the most substantial and enduring residential value in the world today.



1049 FIFTH AVENUE

Classic residences to six million dollars. By appointment call 212-650-0066.
Architect: Costas Kondylis Architects P.C. • The complete offering terms are in an Offering Plan available from Sponsor. CD#90-0225.

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Beautiful 3 bedroom/3 bathroom unfurnished newly built house over-looking the sea and stunning Reid's Gardens. Set in a stylish develop-ment with full amenities and swimming pool. One of only six houses in this luxurious develop-ment

£250,000

For Further Information Contact The Owner Peter Barrett
Tel: 071-836 9770
Fax: 071-497 2201

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Girlhood Home of Lady Astor Charlottesville – Albermarle Co.

Offered for sale by owner: Mirador (c. 1832) – 375 acres, 19-room Georgian brick manor with 14 fireplaces, surrounded by terraced lawns and fenced pasture – perfect for horse or cattle. 9 rental or staff houses, 5 barns, cobblestone courtyard. Entire property in pristine condition. $4,000,000. Details from Daniel O'Neill, 11 Altamont Circle, No. 53, Charlottesville, VA 22902, USA. Tel: (804) 977-6788

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For information on this and other properties of distinction, call, write, or fax:
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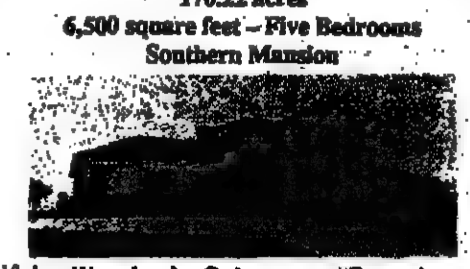

Beautiful rolling land. Only twenty five minutes from Nashville, Tennessee. Landscaped to perfection. Also guest house. House has five bedrooms, 4 1/2 baths, great room with 20 foot ceiling, large fireplace, formal living and dining rooms. Kitchen with solid oak cabinets, all built-ins, game room, central air and heat, double car garage, aggregate drive, gazebo. Principals only.

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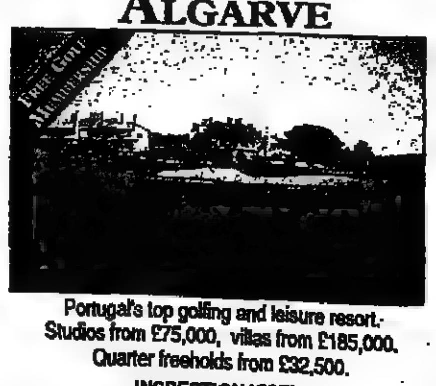

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KINGSTON HOUSE NORTH, SW7

An excellent flat overlooking Hyde Park from the 6th floor of this well known prestige block. Lifts. CH. 24 hr. porterage. Garaging. 4 Beds, 3 baths, 2 reception rooms, kitchen. Share of Freehold. £1.2 million.

STANHOPE GARDENS, SW7

On the top floor of an excellent new conversion, an immaculate flat having 2 terraces. Lift. CH. 3 Beds, 2 baths, drawing room, dining room, kitchen. Lease 91 years. £415,000.

ORMONDE GATE, SW3

Charming west-facing ground/lower ground floor maisonette close to Sloane Square. Beautifully interior designed. Access to communal gardens. 2 Beds, 2 baths, dressing room; double reception room, kitchen. £650 per week.

THE LITTLE BOLTONS, CHELSEA, SW10

A substantial semi-detached family house quietly situated in exclusive residential street adjoining The Boltons. Superb 65' x 34' garden. 5 Beds, 3 baths, drawing room, dining room, study/bed 6, playroom, family room, kitchen/breakfast room, 2 cloakrooms etc. Staff flat. Parking 2 cars. Freehold. £1.8 million.

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An elegant late Georgian house with gross internal floor area of approx. 8,000 sq ft., ready for immediate occupation. 6 Beds, 5 baths, drawing room, dining room, study, family room, breakfast room, kitchen, 2 cloakrooms, servery, laundry, 2 staff rooms. Roof terrace, conservatory, patio, 4 person lift, security system. Lease 44 years. £3.25 million.

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FREEHOLD PRICE £2,000,000
071 235 8066

SOUTH AUDLEY STREET, MAYFAIR

By order of the Mortgagees. A good two bedroom apartment situated on the fourth floor of this period building. Hall, Reception Room, Dining Room/Bedroom 2, Kitchen/Breakfast Room, Master Bedroom with En-Suite Bathroom, Bathroom 2.

LEASE 83 YEARS PRICE £159,000
071 408 1161

ALDFORD STREET, MAYFAIR

An attractive semi-detached house constructed over four floors only. The accommodation is both spacious and flexible. Some redecoration is required. Entrance Hall, 3/4 Reception Rooms, Kitchen/Breakfast Room, 4/5 Bedrooms, Bathroom, 2 Shower Rooms, Double Garage.

LEASE 65 YEARS PRICE £[illegible]
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WILLIAM MEWS, SW1

An immaculately presented flat on the second floor of this excellent portered block. The flat also benefits from a south facing balcony and underground garaging. Reception Room, Kitchen, 3 Bedrooms, 2 Bathrooms, Balcony, Garage Space.

SHARE OF FREEHOLD PRICE £375,000
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EATON PLACE, SW1

An elegant ground floor flat with high ceilings and presented in excellent decorative order. Reception Room, Kitchen, 2 Bedrooms, Bathroom, Shower Room, Resident Caretaker.

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RIVERCOURT, SE1

A spacious two bedroom flat situated in this popular purpose built block with the benefit of underground car parking space and porterage and with easy access to the City and South Bank amenities. Reception Room, Kitchen, Two Bedrooms, Bathroom, Cloakroom, Balconies, Storage Room.

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CHEYNE WALK, SW3

An exceptional family maisonette with extensive views over the River Thames and the added advantage of a large private walled garden. Drawing Room, Dining Room, Kitchen/Breakfast Room, 2 Bedrooms, 2 Bathrooms, Shower Room, Garden, Balcony.

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An attractive ground floor flat with 27' Reception Room and view over garden. Reception Room, Kitchen, Bedroom, Bathroom.

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Debenham Tewson Residential, the market leaders in exhibitions of London properties overseas, are pleased to announce that they are holding their seventh exhibition in the Far East this autumn. If you are considering the sale of your London house or flat and would like further information concerning our exhibitions, please do not hesitate to contact us on 071 408 1161 (ref PJS)

DEBENHAM TEWSON RESIDENTIAL
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Chartered Surveyors

GROVE HOUSE, VAUXHALL GROVE, LONDON, SW8

Splendid Grade II Listed family house, double fronted, and a very fine example of the Georgian period. Possibly one of the oldest houses in South London of that period still standing intact and unspoiled, the property offers practical family accommodation over four floors. The versatile layout includes two reception rooms, five bedrooms, three bathrooms, family kitchen/breakfast room, and lower ground floor reception/playroom. Also beautifully mature rear garden, off-street parking and garage. OIR £500,000

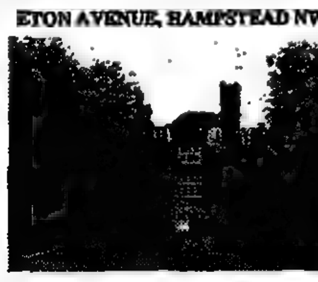
TEMPLAR STREET, LONDON SE5

Substantial family house in quiet Conservation Area within a short drive of Westminster, the West End, and the South London Teaching Hospitals. Much internal space on three floors includes an elegant reception room with grand, authentic fire places, five/six bedrooms, two bathrooms, private South facing garden. Offers in excess of £200,000

GROVE PARK, LONDON, SE5

"Rara Avis" indeed! Not for a buyer seeking a conventional family house. This is possibly a unique coach house standing on a large plot with big front garden. Hard standing and car port to the rear of the house. The house itself is pretty scruffy and needs sympathetic refurbishment/re-designing. Of interest conceivably to artist/writer/designer/vintage car enthusiast! OIR £165,000 freehold.

ETON AVENUE, HAMPSTEAD NW3



A former Ambassadorial residence, this is a potentially fine home of impressive internal dimension on the Eton College Estate. Constructed over four floors by the famous London firm of William Willet & Son at the turn of the century, the house is unmodernised and retains all original internal features. With its enormous garden, the house offers tremendous scope for refurbishment to create a unique and interesting six bedroomed home.
Offers in excess of £800,000 are sought for the freehold interest.

WALNUT TREE WALK, LONDON SE11

We are pleased to offer two fine late 18th century Grade II Listed family houses built over four floors, each with a large rear garden. Both have double reception rooms, and a kitchen/dining rooms at lower ground floor level. One has five bedrooms and one bathroom, the other four bedrooms and two bathrooms.
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Tel 071-735 9510 Fax: 071-582 8409

SAVILLS

HAMILTON TERRACE, NW8
FOR SALE BY INFORMAL TENDER

A very attractive double fronted Grade II listed detached house, with extremely spacious accommodation, an indoor swim pool, 170ft S.W. facing gdn and gge.
Drawing rm, dining rm, study, family rm, kit/breakfast rm, master bedroom with en-suite bath and dressing rm, bedrm 2/sitting rm, 4 further bedrms, 2 bathrms, shower rm, billiards rm, utility rm, staff bedrm with shower rm, laundry rm, sauna, swim pool, landscaped gdn, dbl gge, O.S.P.

Recently reduced from £2.25m to £1.45m
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AUCTION

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Delightful communal gardens.
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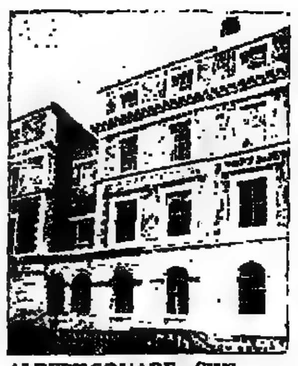

ALBERT SQUARE - SW8
A refurbished Grade II Listed freehold in a sought after location. Converted into 3 large units one on a controlled tenancy.
3 reception rooms, 3 kitchens, 6 bedrooms, 4 bathrooms. 80' garden.
Freehold. £295,000
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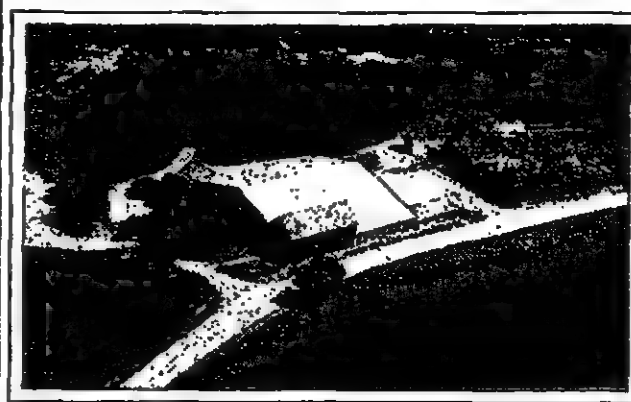

ESSEX - GREAT DUNMOW
A residential and commercial complex in beautifully landscaped grounds and secluded by the Essex countryside, 8 miles Stansted Airport.
Grade II Listed period farm house with 3 reception rooms, 4 bedrooms, 2 bathrooms.
Conference centre of 7,592 sq ft.
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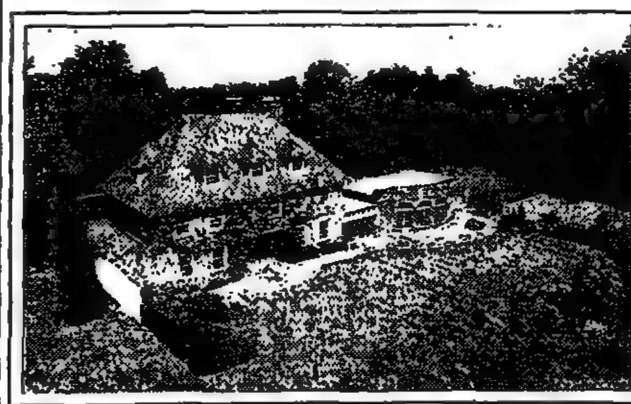

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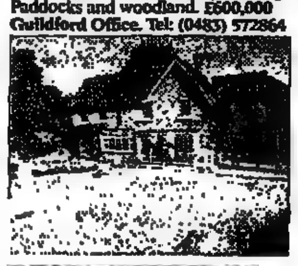

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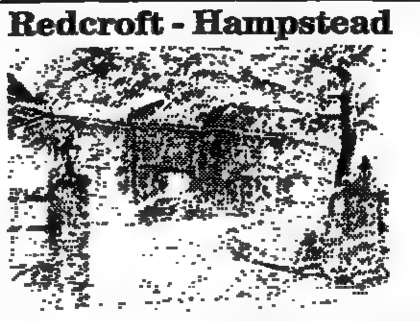

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PROPERTY

Great houses, even better prices

*Top-range homes, whether London penthouse or country retreat, are historically 'cheap', reports **David Hoppit***

THERE has never been a better time to pick up bargains in the property market. At best, UK homes are worth some 5 per cent less than they were a year ago – and much less than they were three years ago. This is depressing news for property-owners with large mortgages, but it is extremely encouraging for any would be buyers unencumbered by a property bought in the late-80s.

In counties such as Devon, some property is changing hands at about half 1989 values. Distress sales, coupled with a general loss of confidence and fears of redundancy, are to blame. Both estate agents and builders of new homes are cursing building society valuers, most of whom are down-valuing everything from semi-detached houses to castles and basing their judgment on forced sales and repossessions.

While there is good value to be found at every level of the market, it seems the bigger the house the bigger the bargain; castles and great houses are relatively cheap today. Take, for instance, Heveningham Hall, in Suffolk. Just to build it, were such a task possible, would cost more than three times the £4.5m asking price – and that excludes the value of outbuildings and the Capability Brown estate.

The floor area of the mansion is more than 30,000 sq ft. If you estimate £500 a sq ft as the cost of rebuilding, you would be getting £15m worth of mansion for your money.

Herstmonceux Castle, the moated Sussex mansion that housed the Royal Greenwich Observatory until four years ago, is on the market again. The castle has nearly 50,000 sq ft of floor area. There are also farms, offices, lodges and the domed equatorial telescope buildings so beloved of Patrick Moore and other astronomers, who tried to buy them three years ago.

Two years ago, Ian Tegg's company, James Developments, paid well in excess of £20m for the castle; now, according to Strutt and Parker with Savills, it could be yours for a quarter of that.

So, who is in the market for these great houses? Geoffrey van Cutsem, of Savills, says: "There are overseas buyers around, from the Pacific basin, some Scandinavians and a few Americans – art patrons who want somewhere to show their collections. There are multi-national corporations who may see the house as the perfect place for business entertaining.

"Then again, in the case of Heveningham, there might be some form of heritage solution whereby the government might give tacit support to some money-raising scheme to keep the house for the nation. It is in good order and there is bound to be some way of producing an income from it, perhaps with corporate hospitality such as that provided by Broadland Property at Hever Castle."

In London, only the very best property is attracting wealthy buyers. According to Tony Lassman, of Lassmans, clients from Europe (especially Italy and Scandinavia) and the Middle East will spend money only if the house is special – say, something like a Nash terrace in Regent's Park or perhaps a Mayfair property. It must, of course, have accommodation for the butler.

If the property is in a prime location, there are wealthy individuals willing to pay big money. John D. Wood and Savills have just sold Foliejon, a mansion with 550 acres on the edge of Windsor Great Park, west of London. The guide price was £12m, realistic a year ago in view of the £15m thought to have been paid for nearby Ascot Place and its 370 acres.

Knight Frank and Rutley introduced the Foliejon buyer, said to be an international businessman who is planning to use it as a family home. But the sum paid is rumoured to be not much more than half the guide price.

Several parties viewed the Grade II mansion and its estate, which is just 20 minutes from Heathrow airport. Among them were Middle Eastern families, one or two wealthy Britons, and an English consortium representing a US client who wanted to build two or more golf courses on the estate.

Most planned to demolish the 20,000 sq ft of laboratories adjacent to the house which were built by the previous owners. But the new owner could have a bargain on his hands because consents have now been given for a golf course and converting the mansion into a club-house.

In central London, several houses sold for prices above £1,000 a sq ft in the peak years of the late 1980s. If the property is exceptional, it could still realise such a price, although a more realistic figure is £600.

Lassman recently sold what he described as the "flagship of the Grosvenor estate" – a large, first-floor flat with balconies on the north side of Eaton Square, Belgravia. The price worked out at nearly £1,250 a sq ft even though the lease had only about 20 years left. The company also sold Ionic Villa in Regent's Park for the Crown Estates and that, too, represented more than £1,000 a sq ft.

Flats at the Kensington Palace Green development by Regalian, which includes a £13m penthouse, were being offered at more than £1,500 a sq ft but prices have been reduced considerably.

All these figures make Belgravia's 22 Wilton Crescent sound positively cheap. Built in the 1820s by Thomas Cubitt, and used in recent years by the French consulate, the house has been painstakingly restored.

Solland Properties had the property – in one of the capital's finest Regency stone-fronted crescents – gutted completely; at one time, only the facade and party walls remained standing. Now, the finished product would appeal to the most fastidious viewer. John C. Vaughan, who is joint agent with Savills, says the house has a floor area of around 8,000 sq ft. The price of the 44-year lease is £4.85m, or about £600 a sq ft, and that includes most furnishings.


Affordable Belgravia: the 44-year lease of 22 Wilton Crescent is on offer at £4.85m – just £600 a square foot

Signs of welcome for men of Kent

WHAT joy the old roundels at Kent's oast kilns must have given returning soldiers after distant campaigns. Together with ancient smock windmills, they symbolised the tranquillity and continuity of the English countryside, writes David Hoppit.

But east Londoners no longer go to Kent at picking time. Neither do labourers toil in the dusty kilns, drying the fragrant cones that flavour the very beer that once quenched their thirst after evensong.

Most roundels are now houses despite their shape, which makes furnishing difficult and such things as radiators hard to fix. Conversion is not easy, though: none was built with a damp course and installing windows is tricky.

Moreover, local authorities (quite rightly) insist upon retaining and restoring the lucarne (hoist) and the huge dunce's-cap cowls, some 18ft high, atop the circular roofs of tapered tiles. But painting them is no problem: Kent authorities have decreed that any colour is acceptable so long as it is white.

Most of the roundels of Kent and Sussex were built between 1850 and 1900, owners believing them to retain heat better than the traditional square kilns. But the south-east did not have a monopoly on them. Worcestershire has many hop gardens and cider orchards, and the co-operative kiln at Suckley, not far from Leominster, was still being operated early in the 1960s.

Now, it has been converted into a large house with the ground floor used for business purposes. Altogether, there is 11,000 sq ft of floor area and the gardens of nearly an acre have views of the Malvern hills. Agent Andrew Grant (0905-24477) suggests a price in the region of £365,000.

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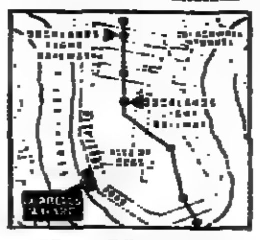

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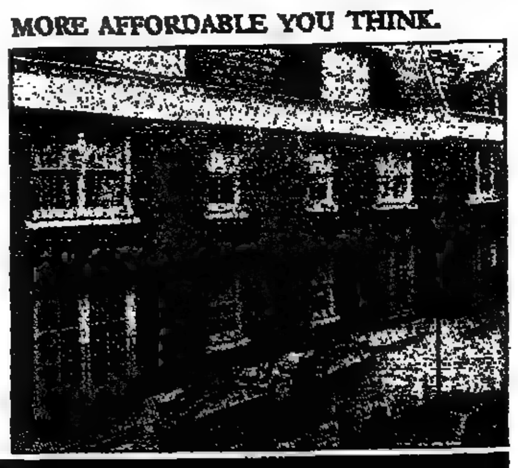

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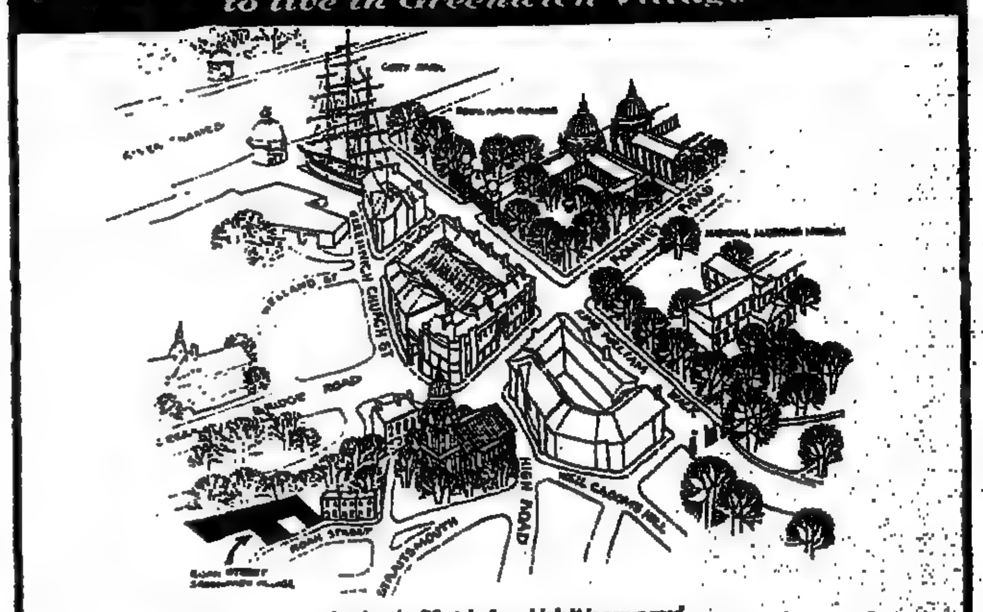

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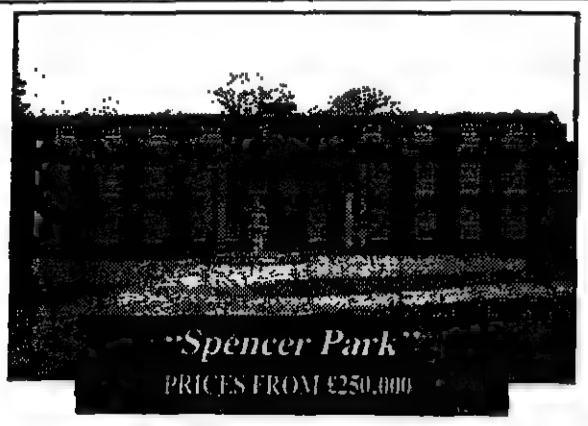

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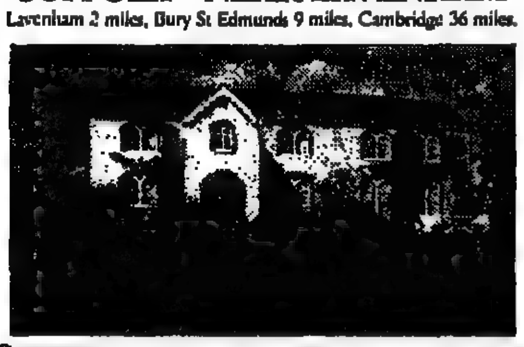

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PROPERTY

For sale: lives of loneliness

Solitary souls might like a taste of island life, thinks ***David Hoppit***

IT TAKES a very special type of person to carve a life on an island. Resourcefulness is the prime requirement as I discovered when last visiting Ramsey, 625 acres off St David's Head, west Wales, more than 11 years ago.

There I met the sole inhabitant, 19-year-old Tom Sutton, whose daily routine included collecting driftwood for the fire, mending the radio or generator, treating a goat for mastitis and nursing an injured peregrine.

On Ramsey, as with all small kingdoms, one is both liberated and imprisoned; I remember Tom telling me that he sometimes dreamed of steak and chips as he watched the lights of the mainland during long winter evenings; but he just turned up the volume on his Gilbert and Sullivan records and got on with the chores.

The island is now for sale again. Tom does not live there any more but he still takes control of the bird counts, including the chough and that harbinger of spring, the wheatear.

Ramsey's sole inhabitant for much of the year is Sue Ward, whose grown-up family lives on the mainland across the treacherous Ramsey sound where tidal currents are so strong that white water boils around and over the sharp pinnacles of rock known locally as The Bitches.

Ramsey is one of a host of islands that have come on to the market. Many are off the Scottish coast, where islanders sow and reap according to the season, their daily lives ordered by the sun.

Islands are cheap today, although not quite the bargains they seemed before the second world war when places such as Tanera Mhor, the largest of the wild and beautiful Summer Isles near Ullapool, changed hands for £1 an acre.

Today, both Ramsey and the 800-acre Tanera Mhor can be bought for considerably less than £1,000 an acre. Both have solid, comfortable houses and good outbuildings.

Humberts has invited offers of £550,000 for Ramsey and Savills, which has been seeking a buyer for Tanera Mhor for more than three years, has reduced the guide price from £800,000 to £450,000 (there is a rental income from a fishing enterprise of £45,000 a year).

As usual, the sale of an island generates many inquiries; several parties have expressed interest in Ramsay and a sale is expected soon.

Savills reported considerable interest in the 3,400-acre Scottish isle of Gigha (pronounced Ghia), for which offers of more than £2m were being sought. In 1989, I flew there by helicopter, skimming across Arran and the Kintyre peninsular to land in the middle of Sir James Horlick's rhododendron garden.

Some of the 160 inhabitants have never felt the need to leave the island; most have several jobs, including Seamus McSporran whose 14 include postman, fireman, harbour master, policeman and undertaker.

Gigha – which has a tiny satellite, Cara, populated only by otters, seals, wild goats and birds – has six farms, a fish farm, an award-winning hotel (closed at present) and a small golf course. The buyer also inherits a baronial title.

Step forward Derek Holt and his wife who have just paid the asking price to the owner, the Interallianz Bank of Zurich. The Holts own Holt Leisure Parks based in Greenock, near Glasgow. Their daughter and her husband – both with tourism and farming experience – will live with their baby in Achamore House, the island's main residence.

A new career awaits whoever chooses to live on Arran, "the peaked Island" off the Ayrshire coast dominated by Goat Fell. In a tranquil, wooded valley beside a rushing stream, Ronald Stewart and his wife, Barbara, built a splendid business at the Lagg hotel. Now they have new plans and the hotel and its 15 acres, plus consent for 10 four-bedroom houses, is being offered through Glasgow solicitor Turner MacFarlane Green, with a guide price of £550,000.

Still in the Western Isles, Strutt and Parker is selling most of Rona's 1,600 acres of rugged and beautiful land; only 142 acres owned by the Defence Research Agency is not included. The guide price for this little kingdom, between Skye and the mainland, is just £200,000.

One of the most beautiful of all islands is Garinish, 57 acres in the Kenmare estuary off Ireland's County Kerry. The island and its six-bedroom house, plus 30 acres and a pier on the mainland, are being offered by Knight Frank and Rutley with Dominic Daly of Cork; the guide price is I£1.2m.

Knight Frank and Rutley also is seeking a buyer for Lihou, the smallest inhabited Channel Island off the coast of Guernsey. The guide price is £850,000.

Across in Alderney, also famed for its wild flowers and colonies of gannets, John D. Wood is selling the home of John Arlott, the late cricket commentator. The house is chiefly 19th century, bounded by a high wall giving shelter and privacy. The guide price is £650,000.

Other islands for sale include Spit Sand fort, one of four built in the Solent in the 1860s to defend Portsmouth. The fort, with 15 ft walls, 50 rooms and a maze of passages, was offered for £675,000 last summer; Humberts says it will consider any reasonable offer.

Friday island, on the Thames, is offered by Hamptons. Just downstream from Old Windsor lock. There is a little cottage there, but some work is required. The price was reduced recently to £125,000.

Osea island, in the Blackwater estuary, near Maldon, Essex, was bought in 1906 by Frederick Charrington, of brewery fame, after he saw a young mother pleading with her drunken husband for money to feed their children. Charrington set up a temperance community on the mile-long island.

The house and chapel has been converted into five houses and seven flats. Savills offers them for between £57,000 and £140,000, with the assurance that new owners can drink without let or hindrance.

An Irish beauty spot: Garinish Island, County Kerry

Take your pick of English vineyards

David Hoppit *looks at what is on offer for budding vignerons*

Hambledon: home of wine and cricket

THE OMENS are good for grapes on the south-facing slopes of England and Wales; the darling buds of May set earlier than usual and 1992 could produce a bumper crop. But, although vines in many parts of England are groaning under the weight of seven or more tons to the acre, compared with the usual two or three, it remains to be seen whether 1992 will be a vintage year.

Many vineyards are feeling the pinch, with stocks left over from last year. The public's perception of English wine is, alas, as fickle as the climate. But the welcome renaissance of viticulture continues apace and this summer saw the sale of the vineyard that started it: Hambledon, birthplace of English cricket and, in 1951, site of the first new vineyard since the first world war.

There are now 440 commercial vineyards in England and Wales, plus hundreds of hobby enterprises.

Not that there is anything new about English wine. The Romans made it, even up near Hadrian's wall; and more than 400 vineyards were recorded in the Domesday survey.

It is a sign of the growing importance (and quantity) of English wine that this year sees the introduction of a quality testing scheme. Only those passing a stern examination will receive the "quality wine PSR" (produced in specified region) label.

Hambledon vineyard was established in 1951 by Sir Guy Salisbury Jones, the father of modern English wine. It was sold six years ago to John Patterson, of Dateline International, who increased the planting from seven to 15 acres. All the vines are French varieties including Chardonnay, Seyval Blanc (the most a successful variety yet grown in the UK), Pinot Noir and Pinot Meunier. Production in a good year should exceed 50,000 bottles.

Patterson recently put Hambledon on the market again. The estate has a main house with seven bedrooms, a second house and a cottage, plus the vineyard and winery, covering 19 acres in all.

It caught the eye of Canadians Margaret and James Rock who were renting a house nearby. They had already fallen in love with the village; now, they have decided to buy the estate, paying close to the Knight Frank & Rutley guide of £750,000.

Close to Kingsbridge, in south Devon, Loddiswell vineyard attracts 15,000 visitors every year to its 14 acres. The vines produce about 17,000 bottles of wine annually and facilities include a tea room, children's playground and picnic park.

Owners Reg and Betty Sampson have devoted the past 15 years to establishing and developing the vineyard and are now calling it a day. This beautiful corner of the South Hams is being offered by Luscombe Maye for £495,000.

Theobald's Westbury vineyard, in Wiltshire, which covers about 16 acres, is also up for sale. It is part of a 180-acre farm that also has three lakes. The land, gravel over chalk, is perfect for viticulture. More than 20 different wines are produced there, all surely better than that made by the Romans at Tidmarsh, just one mile away. Savills is selling the house, farm and vineyard, suggesting a price of around £650,000.

Finally, in Saffron Walden, Essex, a Victorian house called The Vineyard and five acres are for sale. Hamptons says there are no grapes there now, but its location, on Windmill Hill facing south, indicates that it must at one time have supported vines.

The house has been on the market for a year or so and the original guide price of £1m has been reduced to £795,000.

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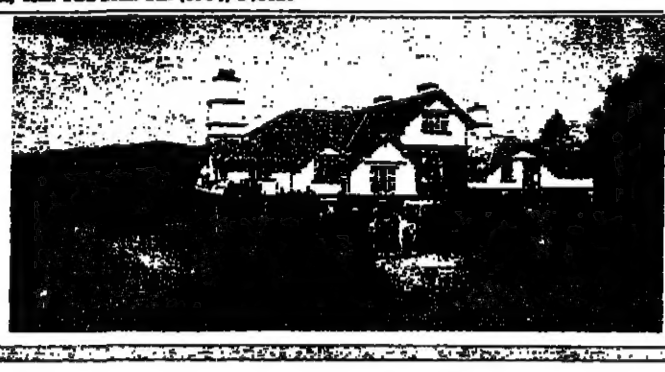

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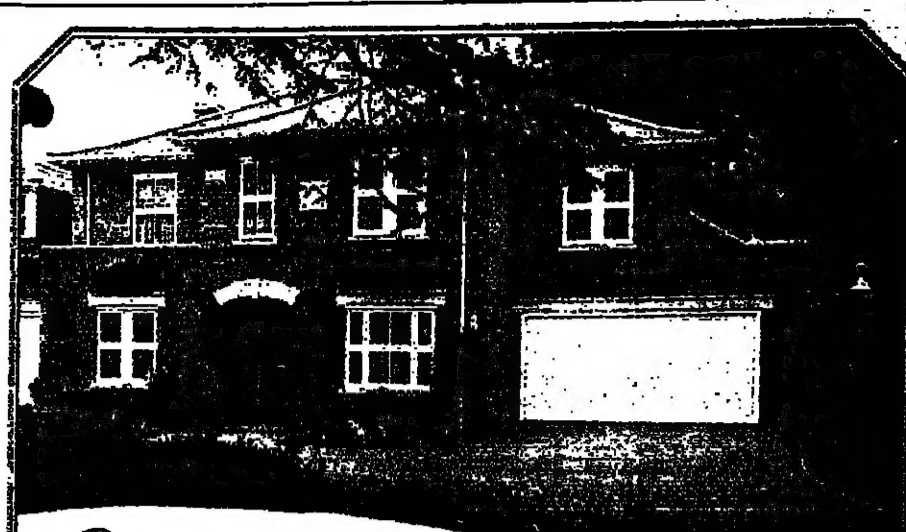

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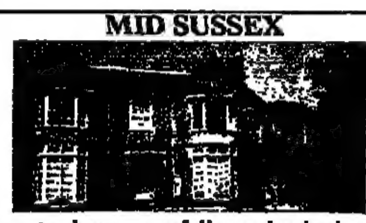

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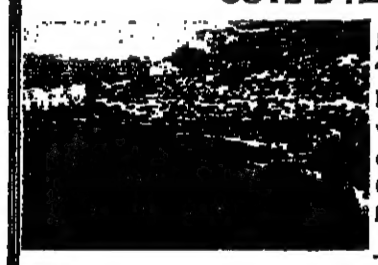

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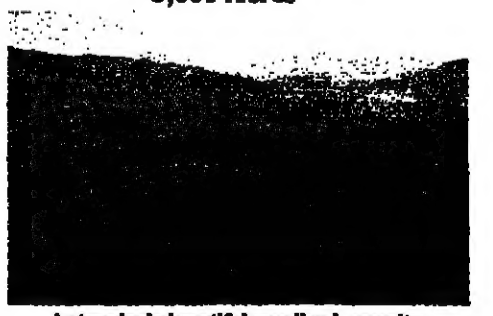

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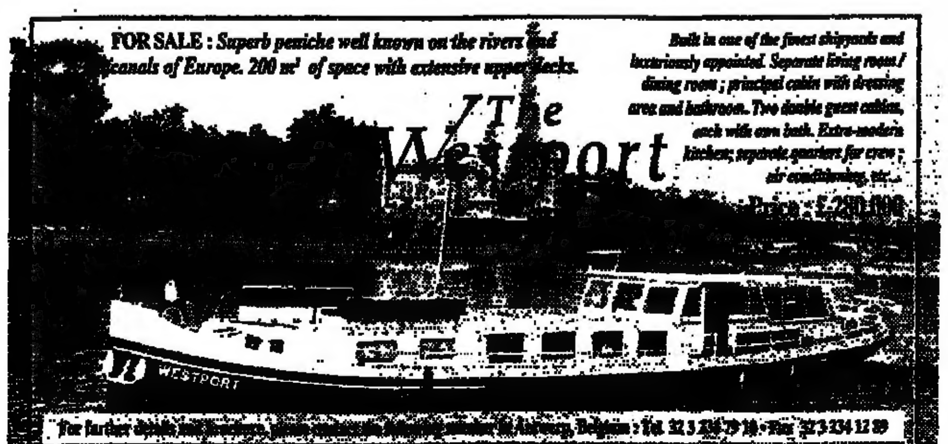

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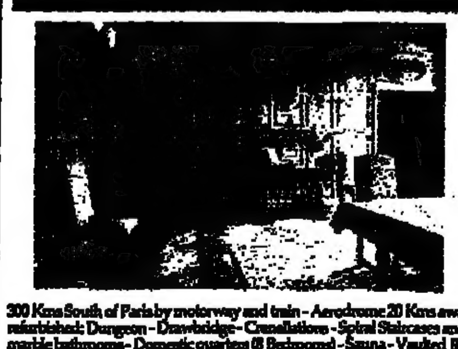

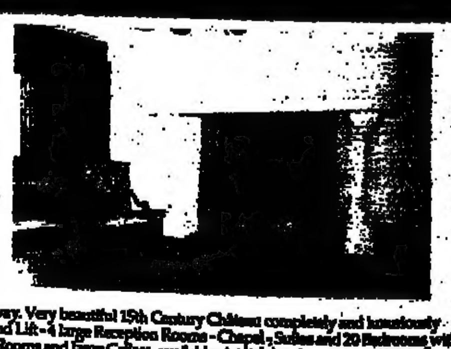

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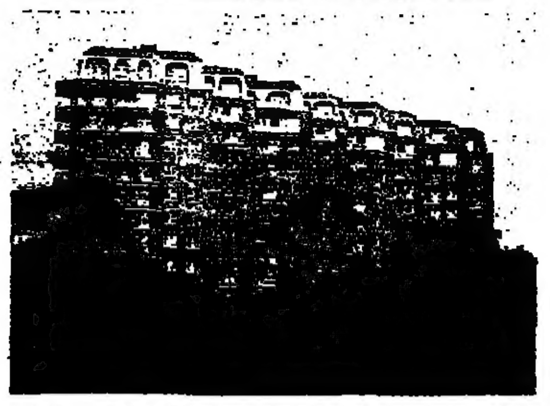

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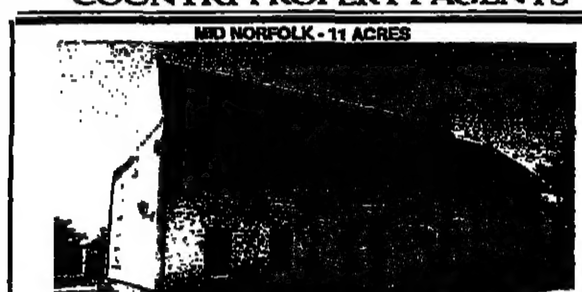

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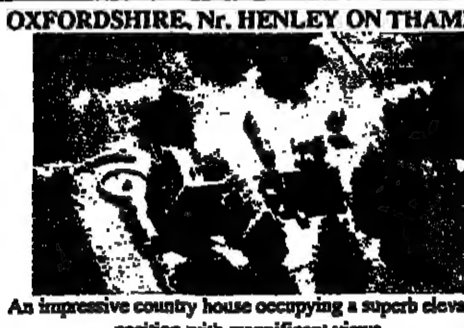

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DREW PEARCE

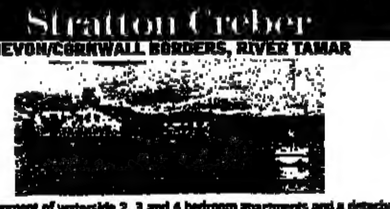
MINEHAYES, HAYTOR, NEAR NEWTON ABBOT, DEVON

A beautifully situated south facing country residence in the Dartmoor National Park, just below Haytor Rock and set in about 5 acres. Reception Hall, Dining Room, Drawing Room, Morning Room, Large Country Kitchen, Utility Rooms, Master and Guest Bedrooms en-suite, 4 further Bedrooms, Bathroom, 3 W/Cs. Stable Block, all weather flood lit Tennis Court, Mature Grounds and Paddocks totalling some 5 acres.

OFFERS INVITED IN THE REGION OF £350,000

14 Cathedral Close, Exeter EX1 1HA (0392) 58345

Stratton Creber
DEVON/CORNWALL BORDERS, RIVER TAMAR



An exceptional development of waterside 2, 3 and 4 bedroom apartments and a detached house, in a unique situation with direct views over the River Tamar to the unspoilt Bere Peninsula. Of particular interest to watersport and golf enthusiasts with optional membership of the St Mellion Club and deep water moorings immediately adjacent to the development available.
Prices from £140,000 to £190,000
Contact Plymouth Office (0752) 666655

Humberts

The Isle of Wight — 48 acres
Gatcombe Park. Newport 2 miles, Cowes 6 miles

One of the island's most historic properties of classical design and enjoying a spectacular, private setting
The Grade II Georgian house dating from 1751 and having 4 reception rooms, 9 bedrooms, 5 bathrooms, staff flat, extensive domestic accommodation and storage facilities
- Gardens, grounds, ornamental lake, tennis court and swimming pool
- Stable block incorporating offices, garaging, cottages and flat
- Range of farm buildings, extensive greenhouses and manege
- Woodland, parkland, paddock and arable fields

For sale by private treaty
Details: Humberts London office 071-629 6700 or Christopher Scott, Isle of Wight (0983) 721778

01/3276/NJL

Surrey
Binscombe Village. Guildford 3 miles, BR Waterloo 45 mins

An exceptional Grade II listed farmhouse with Queen Anne façade for renovation
Principal house with 4 reception rooms, 5 bedrooms, bathroom, 3 attic rooms
- Traditional barn and stables
- Orchard
- 2 period barns with residential consent
- Consent for 1 new build site
- Paddocks of approximately 3.5 acres, in all

Freehold for sale by private treaty as a whole or lots
Details: London office: 071-629 6700

01/3184/AJFRR

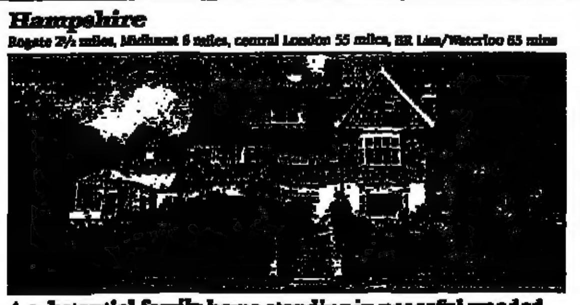
West Sussex — 31½ acres
Hurstpierpoint. Brighton 8 miles, London 42 miles

A superb country estate with a fine period house enjoying outstanding views to the South Downs
3 reception rooms, kitchen/breakfast room, extensive domestic offices
- 7 bedrooms and 3 bathrooms
- Staff flat
- Full oil fired central heating
- Pool house complex
- Hard tennis court
- Outstanding gardens, grounds, lakes and paddocks

In all about 31½ acres
Details: Lewes office (0273) 478828 or London office 071-629 6700

15/0845/JCRLH

Hampshire
Rogate 2½ miles, Midhurst 6 miles, central London 55 miles, BR Liss/Waterloo 65 mins



A substantial family home standing in peaceful wooded surrounds, within easy reach of central London
4 reception rooms, study, master bedroom with en suite bathroom and dressing room, 4 principal bedrooms, kitchen/breakfast room, conservatory
- Self-contained flat with reception room, 3 bedrooms, bathroom, kitchen
- Garaging for 2 vehicles
- Heated swimming pool, pool house
- All weather tennis court

For sale freehold by private treaty with about 2.75 acres
Details: London office 071-629 6700
Solicitors: Ambrose, Appelbe and Pyke 071-242 7000

01/3178/AJFRR

LONDON OFFICE · 071-629 6700
HUMBERTS · CHARTERED SURVEYORS · 25 GROSVENOR STREET · LONDON W1X 9FE
RESIDENTIAL · COMMERCIAL · AGRICULTURAL · LEISURE

SUSSEX 0959-561499

PEASE POTTAGE, SUSSEX
Parish Meads, Old Brighton Road
Two detached houses in sought-after location. Horsham, Crawley and Gatwick are within easy reach. 5 bedrooms, 4 reception rooms, 3 bathrooms, separate w/c, well fitted kitchen, breakfast area, utility room, double garage and approximately 1 acre plots backing onto woodland. Currently in the process of construction.
Prices from £327,500 to £330,000

ANSTY, SUSSEX Deaks Lane
Two individually designed homes in semi-rural setting offering 5 bedrooms, 3 bathrooms, lounge, dining room, study well, fitted kitchen and breakfast room, detached double garage and open views over countryside. Currently in the process of construction.
Prices from £275,000 to £280,000

BRIGHTON, SUSSEX
Friar Close, Friar Road
9 detached family homes in elevated position offering 5 bedrooms, 2 bathrooms, 3 reception rooms, kitchen/breakfast, double garage, landscaped gardens.
Prices from £200,000

KENT 0959-561499

BETHERSDEN, KENT
Academy Close
A range of quality homes including two and three bedroom cottage style houses, and four and five bedroom detached family houses in this pretty Weald of Kent village between Ashford and Tenterden.
SHOWHOUSE OPENING THIS WEEKEND
Prices from £68,000 to £220,000

NEAR MAIDSTONE, KENT
Roseacres, Bearsted
A selection of four and five bedroom detached family homes situated in this pretty Kent village on the outskirts of Maidstone and within easy walking distance of Bearsted Railway Station.
Prices from £179,950 to £245,000

BECKENHAM, KENT
Brackley Road
Four bedroom homes located just minutes from Beckenham Junction station.
Prices from £175,500

HAMPSHIRE AND WESTERN 0256-814314

POOLE, DORSET
Lawrence Drive, Canford Cliffs
A magnificent new house in a superb location with views to the harbour.
Principal suite of bedroom, dressing area and bathroom, two bedrooms with en suite bathroom, two further bedrooms and family bathroom. Drawing room, dining room, family room, study, games room, kitchen/breakfast room, utility, cloakroom, triple garage.
Included in the high specification are concrete middle floors for superlative sound insulation qualities.
Price guide £695,000

MINCHINHAMPTON, GLOS
Highcroft, Dr Brown's Road
Six substantial stone built 5 bedroom, 3 bathroom, 4 reception room houses on an established site, close to the Common and historic village centre.
Prices from £229,500

***STANTON DREW, AVON* Court Farm**
Two individual part stone houses on the village edge with lovely views over open countryside. 5 beds, 3 bath, 4 reception rooms. These houses are at an early stage of construction and variations can be considered to suit purchaser's requirements.
Prices from £245,000

SHOWHOUSE ON SITE

SURREY & THAMES VALLEY 0932-853455

BETWEEN BOURNE END AND BEACONSFIELD, BUCKS
Priory Wood, Harvest Hill
In a unique location on high ground with magnificent views over the Thames Valley, the development has been designed to provide superbly appointed and individually styled country homes which blend into the surrounding countryside, each of which are set in grounds of approximately one acre.
Tel: 0628 520424
Prices from £425,000

TEDDINGTON, MIDDLESEX
Trematon Place, Broom Road
Set in four and a half acres of wooded parkland, this development of luxury one and two bedroom lift served apartments has been meticulously designed and traditionally constructed to Berkeley Homes exacting standards and specifications.
***ONLY A FEW REMAINING** Tel: 081 943 3227*
Prices from £90,000

BURKES ROAD, BEACONSFIELD, BUCKS
The Beeches
A select development of six individually designed family homes situated in an extremely desirable residential location.
Each sumptuous house is set on a generous landscaped plot just a short distance from Buckinghamshire's beautiful open countryside, comprises five bedrooms, 3/4 bathrooms and four reception rooms.
Prices from £385,000
Telephone: 0494 680410

NORTH LONDON 0753-855434

FINCHLEY, LONDON N3
The Lawns, Windermere Avenue
A development of 16 luxurious 4 bedroom semi-detached homes conveniently situated within easy reach of the West End. 2 reception rooms, 2 bathrooms, garage and garden.
Prices from £199,000
ONLY FIVE REMAINING

Please phone for details of our PART EXCHANGE SCHEME on selected sites and Redundancy Protection Scheme.

RICKMANSWORTH, HERTS
The Coppice
Five individual detached family homes conveniently situated within easy walking distance of the town centre and station (Marylebone 35 mins). 5 bedrooms, 2/3 bathrooms, 4 reception rooms.
Prices from £350,000

HARPENDEN, HERTS
Westminster Gardens
Just three luxurious detached 5 bedroom homes standing in established south facing gardens of over 120ft directly adjoining and overlooking *Hammonds End Golf Course. Junction 9 of the* M1 is 5 mins drive away.
Prices from £520,000
ONLY TWO REMAINING

EMERSON PARK, ESSEX
The Woodlands
An exclusive development of just five individual detached family homes in one of the most prestigious residential roads in the area. The nearest mainline station is Romford (Liverpool St. within 30 mins).
Price from £465,000

ESSEX 0753-853454

GIDEA PARK, ESSEX
Parkway
An individual detached family home of quality quietly located in one of the most sought after roads in the area. 5 bedrooms, 3 bathrooms, 4 reception rooms, 120ft rear garden.
Price guide £575,000

NEAR CHELMSFORD, ESSEX
The Saxons, Roxwell
A development of just five family homes situated on the outskirts of this historic village overlooking farmland. The bustling market town of Chelmsford is 4 miles away.
Price £275,000

All Sales Offices open 7 days a week

Berkeley HOMES